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Austria	Sch[illegible]	Indonesia	Rp[illegible]	Philippines	Pes40
Bahrain	Din0.700	Iran	Rls[illegible]	Portugal	Es[illegible]
Belgium	BFr[illegible]	Israel	Shk[illegible]	Qatar	QR[illegible]
Cyprus	C£0.90	Italy	L[illegible]	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils[illegible]	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pta[illegible]
Finland	Fmk[illegible]	Lebanon	L[illegible]	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz	SFr2.80
Germany	DM2.60	Malaysia	Rin4.25	Thailand	[illegible]
Greece	Dr150	Morocco	Dh8.00	Tunisia	Din0.[illegible]
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L[illegible]
Hungary	Ft107	Nigeria	Naira[illegible]	UAE	Dh7.00
Iceland	IKr160	Norway	NKr12.00		
India	Rs15	Oman	OR1		

SAVINGS & LOANS
Struggling to save a thrift industry
Page 18

World News

Baker says US ready to accept cut in aid to Israel

The Bush Administration is prepared to accept cuts in foreign aid to Israel and Egypt in order to help emerging democracies in eastern Europe, Panama and Nicaragua, US Secretary of State James Baker told Congress.

This was the first time the Administration has conceded publicly that it could support cuts to Israel and Egypt, the largest aid recipients from the US. Page 20

China hardens stand

China hardened its attitude to the proposed British Government offer of passports for 50,000 Hong Kong families by announcing that the passports would not be recognised when China regains the colony in 1997. Page 20

Baltic demands

The three Baltic states sharply increased the pressure upon President Mikhail Gorbachev to recognise their claims for independence by demanding that talks begin on the issue before he assumes sweeping powers in 10 days. Page 2

BBC World TV

The British Broadcasting Corporation decided to push ahead with the creation of World Television News, a television version of its World Service radio. Page 20

Troops out opposed

President George Bush faces unexpected opposition in Congress and the US armed forces to his recent agreement to cut US and Soviet troops in Europe. Page 6

ANC meet in Lusaka

Top ANC policy-makers met in Lusaka met behind closed doors and called for more pressure on South African President F. W. de Klerk. Page 4

AIDS aid for E bloc

The World Health Organisation is to pump another $1.5m a year into a new programme aimed at preventing the spread of AIDS from western to eastern European countries.

29 die in Kashmir

Security forces killed at least 29 people and wounded 45 in Kashmir when they fired on Moslem protesters demanding independence from India. Page 4

Khmer talks stall

Cambodian peace talks ended early without agreement as negotiators in the 11-year-long war sidestepped crucial points and locked horns on old issues. Page 4

Hindu gains in polls

A right-wing Hindu party has made a spectacular showing in Indian state elections, in which at least 100 people were killed, opening up the prospect of a national coalition government in New Delhi. Page 4

Tyre fire tamed

Firemen put out a giant fire in a tyre dump in Canada after a 17-day battle against a blaze which environmental groups feared could turn into a major ecological disaster. Page 6

Quake impact grows

The earthquake which rocked southern California on Wednesday, injuring at least eight people and causing damage in downtown Los Angeles, has affected a much wider area than first estimated.

FT journalist freed

Julian Ozanne, the British journalist detained in the Sudan by security police for the past eight days, was released and given 24 hours to leave the country. Page 4

Financial Times

We apologise to readers in some countries who did not receive the Financial Times yesterday. This was because of transmission problems caused by bad weather.

Business Summary

Barclays adds £1bn to Third World provisions

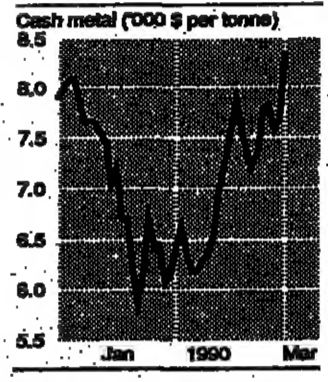
BARCLAYS Bank added almost £1bn ($1.7bn) to its Third World provisions, bringing to £4.6bn the total amount that the Big Four UK clearing banks set aside in their 1989 accounts.

Barclays' provisions mean it has now covered the equivalent of 70 per cent of its exposure to problem countries. Page 21; Lex, Page 20

MARKETS: Nickel prices jumped by more than 9 per cent on the London Metal Exchange, the biggest price movement the metal has seen in one day since April. Nickel for delivery in three months at one stage traded up to $8,350 a tonne then but eased back to close at $8,275 a tonne, up $687.5. Page 29. The dollar benefited from strong US economic data and nervousness surrounding several main trading currencies. Page 40

Nickel

Cash metal ('000 $ per tonne)



ROBERT Maxwell, UK entrepreneur, completed his transformation from printer to publisher by selling Maxwell Graphics, his US printing company, for $510m. Page 20

CARDO, Swedish industrial holding company affiliated to Volvo group, has bought for SKr1bn ($163m) the Pennsylvania-based Wabco (Westinghouse Air Brake Co) Railway Products. Page 20

GAVIN Relly, chairman of Anglo American Corp, the South African industrial and mining conglomerate, is to retire. Page 20

IVECO Ford Truck, UK truck market leader last year, is cutting production at its UK assembly plant to a three-day week in response to continuing steep recession. Page 8

UNITED STATES and other nations have moved towards a consensus on a 50 per cent increase in the resources or quotas of the International Monetary Fund. Page 6

ALAN GREENSPAN, chairman of US Federal Reserve, said regulation of securities groups should be re-examined following the collapse two weeks ago of Drexel Burnham Lambert. Page 3

FRENCH authorities have come to the support of their banks in the dispute with Deutsche Genossenschaftsbank concerning contested securities transactions. Page 25

CZECHOSLOVAK Government approved bills which would allow foreign companies to operate in the country on the same conditions as Czechoslovak enterprises, Page 2

TURKEY has been told by the World Bank to improve its record on inflation and the budget deficit by early April if a $400m loan package for restructuring the financial sector is to be paid. Page 3

ISRAEL'S 6 per cent devaluation has set the stage for a summer of hard bargaining on the statutory cost-of-living increase due in September. Page 4

ROBERT CRANDALL, chairman of American Airlines, the biggest airline in the west, accused the UK of adopting the "most restrictive" policy of any European country on transatlantic airline services. Page 10

Thatcher campaign to limit damage of new local tax

By Michael Cassell and Simon Holberton in London

BRITISH ministers yesterday launched a campaign to limit the long-term political damage to the Government caused by the imposition of the new local government tax.

The Government came under intense pressure from MPs and its own supporters in the country as several senior figures within the Conservative party demanded action over the so-called 'poll tax', due to come into force on April 1, following a rebellion by some of the Government's own local councillors against the cost of the new tax.

On Wednesday night 18 Conservative councillors in West Oxfordshire, in the English Midlands, decided to resign the party whip in protest at the local impact of the tax which is designed to fund local services replacing the traditional property-based rating system.

To add to the Government's despondency, Treasury officials confirmed yesterday that inflation in April, following introduction of the new tax, would rise by at least 0.75 percentage points. This could push the annual rate of price increases to about 8.5 per cent.

Mr Christopher Patten, the Environment Secretary, reported to the Cabinet on the resignations, which have shocked ministers and dealt a further blow to party morale. A Gallup poll published this morning in the Daily Telegraph newspaper – giving Labour a 17 percentage point lead over the Government – will add to the deep gloom among Tory MPs.

Sir Marcus Fox, vice-chairman of the influential 1922 Committee of Tory backbenchers and one of several Tory MPs to voice publicly their concern during the day, said that people were "punch-drunk" with poll tax figures.

He said the Government would have to act to ease the burden on charge payers. Although it was too late to act before bills arrived next month, ministers had to make clear as quickly as possible that changes would be made.

Mrs Margaret Thatcher later went to the Commons to defend the tax and to blame high bills on high-spending councils. She said Oxfordshire county council, which was raising spending by nearly three times the level of inflation, was trying to pin responsibility on the Government.

The Prime Minister was flanked by Mr Patten and Mr Kenneth Baker, the party chairman, who will now co-ordinate efforts to regain the political initiative on the issue. During questions, she again resisted calls from her own benches to cut poll tax bills by removing responsibility for education budgets from local government.

Mrs Thatcher rejected the suggestion as "a retrograde step," saying that the transfer would lead to a "colossal increase in income tax."

Last night she met a group of backbenchers at the Commons at which they pressed home their concerns. She can expect further criticism this weekend when she attends the party's local government conference in London.

Other senior ministers last night continued to maintain that there was no "easy fix" to soften the impact of next month's bills, now expected to be on average nearly £100 higher than the Government has estimated.

Although Tory MPs intend to maintain pressure for early action, ministers appear set to
Continued on Page 20
The rebels, Page 8

KOHL SAYS HE IS SYMPATHETIC TOWARDS ONE-TO-ONE CONVERSION RATE

Bonn moves closer to agreeing parity for E German Mark

By David Goodhart in Bonn

THE West German Government appears increasingly likely to back a conversion rate of one D-Mark to one East German Mark despite fears, voiced by the Bundesbank among others, that this would stoke up inflation and cause serious problems for the East German economy.

No firm decision has yet been made, but yesterday Mr Helmut Kohl, the West German Chancellor, said he had "sympathy" for the 1:1 conversion rate, which features in the East German election manifesto of the centre-right Alliance for Germany, officially backed by Mr Kohl's Christian Democrats (CDU). Mr Andreas Fritzenkoetter, the CDU spokesman, also said that a 1:1 conversion rate was now the most likely.

In addition, at a press conference to back the Alliance for Germany's manifesto, Mr Kohl gave his strongest backing so far to the Article 23 form of constitutional unification, which – according to Article 23 of West German Basic Law – allows East German regions to join West Germany without any requirement to change the latter's constitution.

Article 23, described yesterday by Mr Kohl as the "given process," offers a quicker route than Article 146, which would require setting up a joint committee to write a new constitution for a united Germany. This would then have to be endorsed by a referendum.

The Soviet Union has expressed reservations about unity under Article 23. The East German Social Democrats, likely to be the dominant party after free elections, also currently favour Article 146. The West German Social Democrats have no definite position but argue that if Article 23 is used there must be an orderly process of negotiation on political and economic union in which the East German state would have some say.

Although Mr Kohl repeated his wish for speedy reunification, he also said it should not become a "hectic and risky" process, and, by stressing that he was sure that West German elections would still take place as planned in December, he implicitly ruled out unification this year. He also indirectly backed the Alliance for Germany's declaration that existing property rights in East Germany should not be abandoned in favour of the rights of former owners.

On the question of the German-Polish border, the leaders of the three parties that constitute the Alliance for Germany all went further than Mr Kohl in agreeing that the existing borders were legally sacrosanct. Mr Kohl said on East German television on Wednesday night that one reason for his reluctance to formally accept a peace treaty recognising existing borders is his fear of a huge reparations bill from Poland.

According to today's Bild Zeitung, the inter-German monetary commission which meets again on Monday has already decided to introduce the D-Mark in East Germany on July 1.

The consensus for a 1:1 conversion rate now includes all the major parties in East and West Germany as well as the East German central bank.

As average East German Mark wages are only between one-third and one-half of West German wages, roughly corresponding to the difference in productivity, a 1:1 conversion rate should not in itself price workers out of jobs, according to analysts. However, economists do worry about inflation induced by excess demand from an immediate conversion of 150bn Marks of East German savings. Proposals are being floated for a gradual conversion of those savings.

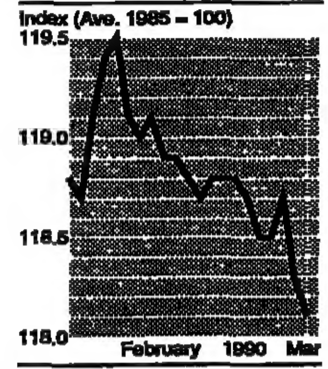
● The East German government has accepted that foreign companies can now operate wholly-owned subsidiaries. It also accepted that publicly-owned East German companies can become public limited companies. The first East German management buy-out at an Aluminium firm in Potsdam, has been proposed.

● Mr Kohl will discuss German unification with Nato secretary-general, Mr Manfred Wörner, on March 8.

Bonn rules out extra Commissioner, Page 2

Deutschemark

Index (Ave. 1985 = 100)



Inflation fears batter shares, bond markets

By Rachel Johnson in London

INTERNATIONAL financial markets took another battering yesterday as inflation worries resurfaced in West Germany and Japan.

Losses were led by a 762.41 fall in the Nikkei average equity index in Tokyo, to 33,829. The Bank of Japan again intervened to support the yen as it weakened against the dollar.

Japanese government bonds were also sensitive to inflation fears and a possible rise in the official discount rate, currently 4.25 per cent. Yields climbed to their highest levels since the equity market started falling at the start of the year.

Bond prices also dropped in London, New York, and Frankfurt - where rumours that German currency unification was imminent resurfaced after five days of relative calm. German
Continued on Page 20
Markets, Section II

European insurer shows interest in Shearson stake

By Alan Friedman and Janet Bush in New York

AMERICAN EXPRESS has been approached by a leading European insurance company interested in acquiring an equity stake in the US financial services and travel group's troubled Shearson Lehman Hutton securities subsidiary.

The European approach is one of several overtures made to American Express since it emerged on Wednesday that Mr Jim Robinson, American Express chairman, had been discussing the possibility of forming a Shearson joint venture with Mr Sandy Weill, the former American Express president who chairs Primerica, the financial services conglomerate.

The identity of the European insurer was not disclosed yesterday, but the expression of interest was considered serious enough for a senior Shearson executive to fly to London yesterday for exploratory talks. It is known that the insurer is from continental Europe rather than Britain.

Earlier this week American Express disclosed that it was injecting $750m of fresh capital into Shearson, which is sitting on $1.1bn of problematic real estate loans and $600m of junk bond-related bridge loans.

The injection will boost the American Express shareholding in Shearson from 61 per cent to more than 70 per cent. Any deal that Mr Robinson concludes, either with a European investor or Mr Weill, would be designed to remove Shearson from the American Express balance sheet by lowering its Shearson stake below 50 per cent.

Shearson said this week it would sack 2,000 of its 35,000 employees as part of a drastic cost-cutting plan. The redundancies will take place by the end of this month.

The deal that Mr Robinson had been discussing with Mr Weill, who originally built up Shearson and then sold it to American Express in 1981, was temporarily shelved on Tuesday evening, apparently because of an inability to agree on certain financial terms requested by Mr Weill.

The formula under discussion, which may yet be revived in some form, included the following elements:

● Shearson would have agreed to buy Primerica's Smith Barney Harris Upham retail brokerage business.

● Primerica and American Express would have formed a joint holding company that would essentially give each party a 40 per cent stake in Shearson. Employees and outside minority investors would hold the remaining 20 per cent.

● Primerica would inject substantial new capital into the Shearson holding vehicle and take on a portion of Shearson's $7bn of commercial paper and bank debts.

Mr Weill was unavailable for comment yesterday. It was not known whether he and Mr Robinson were back in touch.

A team from Skadden, Arps, Slate Meagher & Flom, the New York law firm, is installed at American Express headquarters. The firm, which worked initially on the Shearson recapitalisation, is now advising Mr Robinson on the possible disposal of a substantial Shearson stake.

Ford was ready to outbid BAe by £450m to win Rover Group

By Charles Leadbeater, Industrial Editor, in London

FORD, the US motor manufacturer, was prepared to pay up to £600m ($996m) to acquire the Rover Group of the UK, £450m more than the £150m British Aerospace (BAe) finally agreed to pay for the then state owned volume car manufacturer, when it was privatised in August 1988.

An internal Ford study on Rover, compiled when the Government announced in early 1988 it was to be privatised, says the company would have been prepared to pay between £400m and £600m to acquire Rover.

The study's conclusions suggest the net cost to the tax payer of the Rover privatisation would have been less if Ford had bought the company.

Under the terms of the deal with British Aerospace, the net cost to the tax payer was at least £460m, after the Government had agreed to make a cash injection of £547m to write off part of Rover's debts and make secret financial concessions worth £38m.

Had Ford been able to deliver its initial offer the net cost could have been reduced to at most between a low of £10m and as much as £210m.

The study's conclusions are quoted in a confidential memorandum which Ford has submitted to the Trade and Industry select committee's inquiry into the controversial deal. The committee's inquiry follows a report last year by the National Audit Office, which found that the Government had seriously undervalued Rover on the basis of its projected profits, shareholdings in nine associated companies and the value of surplus sites.

The disclosure that Ford was prepared to pay a much higher price that British Aerospace will renew criticism of the way the Government excluded other bidders by giving BAe sole negotiating rights.

Volkswagen, the West German volume car manufacturer, has told the Trade and Industry committee in a memorandum that it was a serious bidder and was prepared to make a firm offer for Rover. It said one of its main motives was to prevent Rover falling into the hands of a Japanese company.

The House of Commons' Public Accounts Committee yesterday issued an interim report on its inquiry into the affair, which says some of the other companies which expressed an interest in Rover said they were disappointed with the way Lord Young handled the sale.

Ford's willingness to consider a higher price could also influence the outcome of the inquiry into the deal by Sir Leon Brittan, European Commissioner for competition policy. The inquiry, which is expected to report in three weeks, has examined whether the £38m in secret "sweetners" and the undervaluation of Rover mean the commission should reconsider its initial decision to allow the Government to inject £547m into Rover to reduce its debts.

Sir Leon is expected to decide BAe should repay the Government a substantial share of the £38m, less a £5m payment to the European Space Agency which was never made.

CONTENTS

Conflicts at Airbus fly in the face of efficiency

Today's Airbus board meeting is likely to be stormy, even by the European consortium's own turbulent standards. One of three highly charged issues: should chief executive Jean Pierson (left) keep his job? Page 2

MARKETS

STERLING
New York lunchtime:
$1.661
London:
$1.6855 (1.69)
DM2.8575 (2.8675)
FFr9.6475 (9.6975)
SFr2.5075 (2.52)
Y249.25 (251.5)
£ index 89.3 (89.9)

GOLD
New York: Comex Apr
$408.3
London:
$407.75 (407.5)

N SEA OIL (Argus)
Brent 15-day Apr
$19.35 (19.5)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.722
FFr5.8165
SFr1.511
Y149.825
London:
DM1.715 (1.696)
FFr5.7925 (5.7375)
SFr1.506 (1.491)
Y149.65 (148.8)
$ index 68 (67.6)
Tokyo close: 149.78

US Lunchtime Rates
Fed Funds 8¼%
3-mo Treasury Bills:
yield: 8.04%
Long Bond:
$99\frac{7}{32}$
yield: 8.57%

STOCK INDICES
FT-SE 100:
2,238.4 (-17.0)
FT Ordinary:
1,764.9 (-16.5)
FT-A All-Share:
1,114.18 (-0.7%)
New York lunchtime:
DJ Ind. Av.
2,643.69 (+16.44)
S&P Comp
334.24 (+2.35)
Tokyo: Nikkei
33,829.58 (-762.41)

LONDON MONEY
3-month Interbank:
closing $15\frac{7}{16}$ ($15\frac{3}{32}$)
Liffe long gilt future:
Mar $83\frac{25}{32}$ ($84\frac{13}{32}$)

Baltic states demand talks on independence

By Our Moscow Correspondent

THE THREE Baltic states yesterday sharply increased the pressure upon President Mikhail Gorbachev to recognise their claims for independence by demanding that talks begin on the issue before he assumes sweeping presidential powers in 10 days' time.

The urgency of their demands for independence is likely to cause diplomatic embarrassment to western countries which have never recognised the Soviet Union's right to rule the Baltic states, but which are also anxious not to offend Mr Gorbachev.

An Estonian member of parliament said his republic wanted to put the issue of independence to the Congress of People's Deputies, the country's supreme legislature, which is due to meet on March 12 and 13.

At the session, the new powers of the presidency are expected to be approved.

The deputy, Mr Endel Lippmaa, also said that a commission, set up by the Estonian parliament recently to negotiate the terms of independence, had presented its negotiating position to Mr Gorbachev in Moscow on Tuesday.

The Estonian move came as the leader of Lithuania's dominant nationalist group, Sajudis, said that the new republican parliament, in which Sajudis is likely to control 80 per cent of the seats, should set up a similar commission of its own.

Sajudis again demanded that the second round of elections to the republican parliament be brought forward so that the parliament could meet on March 10 – two days before the Congress convenes in Moscow.

It also repeated its demands for immediate talks on restoring independence.

In Latvia, the third Baltic republic, a representative of the Popular Front demanded that the Latvian parliament follow the other two republics. She said that a Latvian delegation was likely to be chosen at today's meeting of the republican parliament.

During the debate on the new presidential powers in Moscow, Mrs Marjiu Lauristin of Estonia said none of the Baltic representatives would henceforth discuss any constitutional matters in the Supreme Soviet – a move aimed at underlining their commitment to restoring de facto independence.

These attempts to increase the pressure on Mr Gorbachev through the officially-elected Soviets took place as Estonia completed voting to its own privately-elected congress. This is a body which claims to represent the independent Republic of Estonia, which existed in 1920-40 and which continues to exist in international law.

Radical nationalists in Estonia say that the Supreme Soviet represents the forces of illegal occupation and has no formal validity. They have organised their own election based on a privately-registered electoral roll.

An estimated 90 per cent of registered electors in Estonia voted in these congressional elections, which ended yesterday. The congress is seen by many to be the true expression of Estonian's popular will and will seek to be represented in an international conference on Baltic independence – a demand likely to discomfit western countries.

Talks on the full withdrawal of Soviet troops from Hungary broke down yesterday with Moscow refusing to agree to as early a departure as the Hungarians want, Reuter reports from Budapest. Two days of talks between experts led by Mr Ferenc Somogyi, the Hungarian Deputy Foreign Minister, and Mr Ivan Aboimov, his Soviet counterpart, had been expected to agree on an accord for signature on March 10.

The state news agency MTI quoted Mr Somogyi as saying Hungary was sticking to its view that the Soviet troops should be pulled out "within the shortest possible period" commensurate with an organised withdrawal.

Airbus conflicts fly in the face of efficiency

A stormy board meeting is expected today as the consortium charts its future, writes **Paul Betts**

THE Airbus supervisory board meeting in Toulouse today is likely to be a stormy affair, even by the European aircraft consortium's own turbulent standards.

The agenda is loaded with three highly charged issues: The 17-week-long strike over shorter working hours at three British Aerospace plants which has crippled Airbus production; a final decision on whether to establish a new final assembly line for the A321 twin engine aircraft at Hamburg; and some controversial internal management problems, including the long overdue appointment of a new Airbus finance director and the renewal of the five year mandate of Mr Jean Pierson, the Airbus chief executive.

These issues will test once again the complex relationship between the four partners in the consortium (Aerospatiale of France and MBB of West Germany with 37.9 per cent each, BAe with 20 per cent, and Casa of Spain with 4.2 per cent).

But they are also likely to bring to a head fundamental questions on how to improve the industrial and economic efficiency of the Airbus system, which is still torn between the conflicting national interests of its partners and their role as shareholders in a common European venture.

This week's breakthrough in the BAe strike has probably averted a major confrontation between the four partners. But BAe's Airbus partners, especially the French, are still likely to seek compensation for the cost of the UK strike.

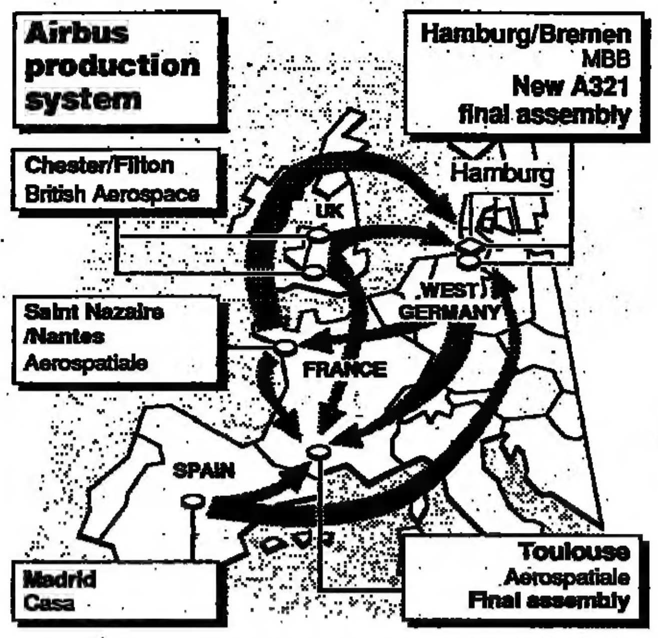
Aerospatiale claims that BAe mismanaged the strike and wants the supervisory board to invoke an article in the Airbus statutes which would make BAe liable to pay 40 per cent of the costs incurred by consortium as a result of the strike. Mr Henri Martre, the Aerospatiale chairman, says the costs of the strike to Airbus amount to at least $300m.

BAe, for its part, claims that the strike was out of its control and a case of "force majeure". So far the German and the Spanish partners have taken a low-key approach to the issue, although the Germans have publically asked why it took BAe so long to resolve the conflict while other British companies, like Rolls Royce or Smiths Industries, reached relatively swift settlements with the UK engineering unions.

If the continental partners press their claim for compensation, Airbus is bound to be embroiled in a long legal battle which will inevitably strain relations between the four consortium members.

However, what is perhaps more significant is the way the strike has highlighted the vulnerability of the existing Airbus industrial system which can be brought to a standstill by a protracted local strike.

The strike will have cost Airbus the loss of about 30 aircraft deliveries this year or the equivalent of about $1.5bn in lost aircraft sales. Apart from disrupting production in France, Germany and Spain, it also appears to have cost the consortium some lost orders in the fiercely competitive civil airliner market.



For these reasons some Airbus members are now wondering whether the time has come to change the existing Airbus work-sharing arrangements whereby each partner specialises in some aspect of the aircraft in proportion to his stake in the consortium. BAe, for example, is responsible for the wings of all Airbus aircraft.

But one of the lessons of the recent strike is the importance of having a second source for critical parts. "Work-sharing should no longer be the main consideration in the Airbus industrial system," remarked one of the members of the European consortium. "We should now go beyond that to ensure that production is based on industrial efficiency rather than on national interests."

In a sense, the UK strike has reinforced the West German argument for a second Airbus final assembly line in Hamburg. A senior German government official recently said that Airbus would be far less of a hostage to strikes in any one partner country if it developed a system of second sourcing.

The supervisory board is expected to agree today to a compromise solution to allow the Germans some final assembly of Airbus aircraft. However, there is little industrial logic or justification for this decision despite the emerging argument for some second

"It is a classic case of Airbus double-speak," said an aerospace industry official. "The Germans have wanted for prestige reasons a final assembly line in Hamburg and have done everything in their power to get it."

Initially the Germans wanted the A320 line transferred from Toulouse to Hamburg. The compromise supported by France involves setting up in Hamburg a new final assembly line for the A321, the stretched version of the best selling A320, while retaining final assembly in Toulouse of all existing Airbus programmes as well as the future A330/A340 family of aircraft

Although it would have made more economic sense to continue assembling all Airbus aircraft in Toulouse, the French argue that certain concessions have to be made in a cooperative venture like Airbus. But the French move may also reflect efforts by Aerospatiale to strengthen its links with MBB at a time when there are increasing signs of rapprochement between BAe and Daimler Benz, the new parent of MBB, to form a new Anglo-German axis in the Airbus system which could undermine the traditional Franco-German relationship.

Up to now, the British have led the campaign to improve the industrial and economic efficiency of Airbus. BAe has placed strong hopes on its developing relationship with Daimler Benz to help transform Airbus into a more profit-oriented business.

But BAe, like the Germans, is also being accused of "double speak" as a result of its handling of the UK strike and its apparent inability to find a candidate for the new post of finance director. This was created last year following the structural changes in the Airbus management system recommended by the so-called "wise men" report.

But at the end of the day, the events of the last few months could ultimately have a positive effect by focusing the minds of the four partners on the future shape and role of the Airbus system. As 1992 approaches, national interests and jockeying for power within Airbus will have to fade if it is to develop an independent business identity of its own apart from the four shareholding partners. Otherwise it will continue to be perceived as complicated industrial arrangement between four European countries torn by conflicting political interests.

Prague to open way for foreign investors

By John Lloyd in Prague

THE CZECHOSLOVAK Government yesterday approved bills which would allow foreign companies to operate in the country on the same conditions as Czechoslovak enterprises, and would permit domestic entrepreneurs to take over or start workshops, shops, restaurants and other businesses.

"We as a state want to support private enterprise," said Dr Valtr Komarek, the First Deputy Prime Minister in charge of the economy.

"We want our enterprises to work under very harsh conditions of competition, he said. "These measures should open up great opportunities, especially job opportunities."

He said that the laws were designed to offer as favourable an environment to foreign investors as elsewhere in the world, and admitted that the present levels of private company taxation in Czechoslovakia were punitively high.

New taxation legislation is being prepared by the Finance Ministry.

However, a third law due to be passed by the cabinet – on state enterprises – was referred to a subcommittee for further discussion over the next five days, a move which reflects sharp disagreements among members of the Government on the pace and direction of change.

Dr Komarek said that a strong body of opinion led by the trade unions was pressing for the retention of state enterprises in the public sector, together with a system of workers' self-management. On the other hand, neo-liberals were also pressing for a rapid privatisation.

Between these two poles, the Government has so far failed to find a compromise. The situation becomes increasingly urgent, however, because there is as yet no accepted definition of who has the legal title to state property and thus who can privatise it.

The effect of the laws agreed by the cabinet yesterday – and expected to go to parliament next week – will be two-fold. First, they represent the preliminary stages in the creation of a market economy. Second, however, they will remain largely paper reforms until the bigger issue of who owns much of Czechoslovakia is resolved.

Bonn rules out idea of extra EC commissioner

By Tim Dickson in Brussels

THE West German Government has rejected the idea of asking for an extra Commissioner in Brussels in the wake of unification with East Germany.

Officials in Bonn also say there will be no demand for additional voting rights in the European Community's Council of Ministers, the main decision-making institution of the EC.

Their reassurance will come as a relief to several of Bonn's Community partners, who are worried that a bigger and more confident Germany may upset the delicate balance of power within the EC.

At the moment the four bigger countries – Germany, France, Britain and Italy – all have two commissioners in Brussels and 10 votes each in the Council of Ministers.

"We realise that this is a political question, not a mathematical one," a government official said yesterday. "We understand people's worries but as far as we are concerned the structure will remain as it is now."

He added that unification of the two Germanys would only increase Germany's gross domestic product by around 10 per cent and that the average income of the united German people would be back to early 1980s levels.

The question of German representation in the European Parliament is more problematical. Again, though, Bonn does not intend to make any demands and will insist that the question of adding MEPs from the East will be a matter for the Strasbourg assembly itself.

Poles pursue border pact

By Christopher Bobinski in Warsaw

POLAND yesterday repeated that it wants its western frontier recognised in a single treaty with both German states and said a proposal by Chancellor Helmut Kohl for a joint declaration by the West and East German parliaments would not satisfy its demands.

A government spokesman said: "Nothing that Mr Kohl has said so far satisfies us", and described the Chancellor's proposal as being of little use.

Poland wants both German states to initial a treaty recognising the frontier on the Oder and Neisse rivers in the early stages of a forthcoming conference of the four post-war Allied powers on unification. This would then be ratified by a united German state.

The Polish press yesterday reported the view of Mr Hans-Dietrich Genscher, the West German Foreign Minister, that Warsaw's proposal was "an interesting and serious starting point" for more talks.

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Central bank raises spectre of another emergency economic package

Italy warned budget target slipping

By John Wyles in Rome

THE ITALIAN Government will have to resort to an emergency package again to have any chance of keeping the 1990 budget deficit within the targeted L133,000bn (£63bn), the Bank of Italy has warned.

Such packages, heavily tilted towards additional revenue raising, have become a regular feature of Italian economic management over the past five years because of the Government's inability to keep to its spending targets.

The Bank's conclusion, published in the February edition of its biannual Economic Bulletin, is in line with International Monetary Fund recommendations at the end of last year. Since then, parliament has passed a 1990 budget which cuts L20,000bn off the anticipated deficit and aims at a borrowing target equivalent to 10.4 per cent of gross domestic product.

In calling for "prompt and accurate corrective measures" to keep the public deficit on target, the central bank stresses the importance of adjusting to new external constraints created by the removal of remaining restrictions on capital movements (probably in May) and of managing the lira within the European Monetary System's narrower 2.25 per cent margin of fluctuation adopted in January.

It rebukes the Government for having conceded public sector pay rises worth around 9 per cent this year which, it says, make controlling public spending more difficult and encourage demands for matching rises from the private sector. Meanwhile, health spending continues to exceed targets by around L14,000bn while interest spending on the public debt has risen by 20 per cent over the past 12 months.

The Bank's economic forecasts suggest growth this year will be only slightly below last year's 3.2 per cent and that inflation should fall from an average of 6.6 per cent in 1989 to below 5 per cent by the end of this year.

Poll move is boost for Pozsgay

By Nicholas Denton in Budapest

HUNGARY'S parliament, sitting in its final lawmaking session, yesterday changed the constitution to introduce direct presidential elections and so revived the presidential chances of Mr Imre Pozsgay, the leading reformer of the ruling Socialist Party.

Polls show that Mr Pozsgay remains one of the most popular politicians in the country, while his party is heading for a humiliating defeat in parliamentary elections on March 25.

A nationwide referendum last November forced the presidential election to be postponed until after the poll for the parliament. According to the constitution drawn up by an all-party round table, the president should, therefore, be chosen by the new democratically-elected assembly.

Yesterday's vote to amend the constitution came in defiance of the round-table agreement that the programme of the parliament – dominated by MPs who were elected in 1985 as Communists – should be a minimalist one and should include only laws essential for the transition to democracy and the maintenance of economic stability.

Mr Gaspar Miklos Tamas, a member representing the opposition Alliance of Free Democrats, denied that a parliament of dubious legitimacy could make changes in the constitution. "This is the last institution of the Communist Party state and it will go in shame, and it deserves it fully."

Although the Free Democrats have promised to repeal the provision for a directly-elected president, yesterday's decision can only be reversed by a two-thirds majority of the new parliament, which may be difficult to mobilise.

● Britain's Foreign Secretary, Mr Douglas Hurd, yesterday promised Hungary financial assistance in the form of a "know-how" fund once a new Hungarian Government has been elected in the spring, writes Judy Dempsey.

Mr Hurd, speaking at the end of a two-day visit to Budapest, said the £25m fund would be spread over five years. It is understood that the fund will focus on aspects of the free market economy, the banking system and financial services.

A group of experts will visit Hungary this month to examine in detail how the fund should be allocated. Mr Hurd also proposed seconding two British experts for two years to the Hungarian National Privatisation Agency.

In a tightly-organised timetable, Mr Hurd held talks with Mr Gyula Horn, his Hungarian counterpart, as well as with the main opposition political parties.

Racial issue divides Italians

By John Wyles

A SERIES of apparently racially motivated attacks in Florence and the detention of 54 Asians after they tried to enter Italy illegally has provided the vivid background to the country's first legislative attempt to regulate its annual immigrant intake.

Although a law approved by the Senate on Wednesday has had broad political support, it has opened a serious rift within the five-party government between the smaller Republican Party and the more dominant Socialists.

Under the new law, Italy will seek to set an annual ceiling on legal immigration from outside the EC. The main criteria for fixing the size of the intake will be the needs of the national labour market.

Mr Giorgio La Malfa, the Republican leader, yesterday blamed "the Government's mistaken attitude" for random attacks on North African immigrants by gangs of Italian youths in Florence on Tuesday.

He claims the law is too lax on several counts, above all because it does not impose full visa requirements on all non-EC visitors. The granting of an amnesty to all immigrants who were illegally present at the end of last year and who register with the authorities by the end of April has stepped up the flow of clandestine arrivals, he says.

This phenomenon has sprung to the public notice after police in Bari detained 54 Asians who tried to land from a Greek vessel at the end of last week.

The Government has not ruled out visitors' visas but is worried about the effect on relations with Algeria, Morocco and Tunisia, the countries of origin of many of Italy's estimated 500-600,000 illegal immigrants.

Bank details revealed in Greek affair

By Kerin Hope in Athens

TWO GREEK judges who asked for details of a Swiss bank account in the name of the former Socialist Deputy Prime Minister, Mr Agamemnon Koutsogiorgas, have received information which casts new light on charges that he was involved in a $200m embezzlement scandal at the Bank of Crete.

They have been given carefully-documented details of the account with Citicorp Switzerland, say sources connected with the investigation.

Mr Koutsogiorgas, who faces charges of taking bribes and breach of faith, is accused of accepting $2m as payment for steering an amendment to the Greek bank secrecy law through parliament in 1988 in order to protect the Bank of Crete's owner, Mr George Koskotas.

Mr Koskotas has claimed that the $300m which disappeared from the bank included bribes for the Deputy Premier and millions of drachmas in cash which he sent to the then Prime Minister, Mr Andreas Papandreou. His claims contributed to the Socialists' fall from power last June. Mr Papandreou is also under investigation by the special tribunal on corruption charges.

The sources said Mr Yiannis Mantzouranos, who was secretary to the Socialist cabinet, placed $2m in an account which he opened with Citicorp in August 1988. Two months later, the sum of $1.2m was transferred to another account in the name of Mr Koutsogiorgas and his wife, Aliki.

The money was returned to Mr Mantzouranos' account in December 1988, by which time the embezzlement scandal had been revealed by investigators from the central bank. Mr Mantzouranos, in jail awaiting trial for his part in the scandal, says the entire amount was paid back by Mr Koskotas.

Mr Koutsogiorgas denies any knowledge of the payment.

Concern on Turkish inflation

By Jim Bodgener

TURKEY HAS been told by the World Bank to improve its record on inflation and the budget deficit by early April if a $400m loan package for restructuring the financial sector is to be paid.

In January, the bank withheld the package pending certain financial reforms. However, it has softened its stance by postponing some conditions to the second, floating, tranche.

Government officials say inflation is on a downward trend. However, economists say recent price rises could push the February and March indices up again. The actual 1989 budget deficit of TL6.9 trillion (£1.7bn) overshot its original target by 81 per cent.

* Minor sanctions temporarily imposed on US military activities in Turkey have been lifted following Tuesday's defeat in the US Congress of a resolution implying genocide of 1.5m Armenians by Ottoman forces in World War 1, the Turkish foreign ministry said.

The sanctions, including suspension of US flight training over the Konya plain in central Anatolia, were intended as warning shots of worse retaliation should the resolution for a day of remembrance in the US calendar for the Armenian dead on April 24.

Turkey finds stolen Irish painting

By Kieran Cooke in Dublin.

IRISH police were hot-foot on their way to Turkey yesterday hoping to recover one of the country's most precious art treasures.

Turkish police, acting through Interpol, had informed their Irish counterparts that a painting believed to be part of the collection of Sir Alfred Beit, stolen in Ireland in early 1986, had been recovered.

No details were released about where the painting had been found or whether any arrests had been made.

The reports have sent a flurry of excitement through Dublin's art world. First indications are that the recovered painting could be either Lady Writing a Letter by Jan Vermeer or one of a pair of paintings by Gabriel Metsu, another of the masters of 17th-century Dutch art.

The 1986 robbery from the Beit home, at Russborough House in County Wicklow, was described at the time as the world's biggest art theft.

Sir Alfred Beit, whose uncle founded the South African De Beer mining company, had built up what was considered to be the most important art collection in private hands anywhere. The Vermeer was one of only two which had been held in a private collection. The other is at Buckingham Palace.

Sir Alfred had donated much of the cream of his collection, including the Vermeer, the two Metsu paintings and a Goya, to Ireland's National Gallery.

Mr Raymond Keaveney, the Gallery's director, says the value of the collection cannot be estimated. "Those who seek such stolen paintings must look on them only as trophies," he said. "They see art in terms of monetary value and not in terms of artistic merit and beauty."

Altogether 18 paintings were stolen in the 1986 robbery. Seven of the lesser works were subsequently found strewn along a nearby roadside, some damaged.

At various stages the robbery had been pinned on a Dutch or Belgian art gang, believed to be working with the Dublin underworld. But until yesterday there had been no trace of any of the missing paintings.

For the past four years the National Gallery in Dublin has been displaying reproductions of the Vermeer and other stolen works. "We have our new wing opening in a week," said Mr Keaveney. "It would be wonderful just to have one of the paintings back."

Sweden in move to curb pay

By Robert Taylor in Stockholm

MEDIATORS were appointed yesterday by the Swedish Government to try to reduce wage pressures in the country's overheated economy. Drawn from both sides of industry, they are headed by Mr Bertil Rehnberg, a former head of the Labour Market Board.

Their task is to convince employers and trade unions to reach a pay settlement for 1991 which the country can afford. This month they will be holding discussions on achieving a national pay norm and strict control over any local wage deals. The team has been established instead of the proposed wage freeze which brought down the previous Social Democratic minority Government a fortnight ago.

Ministers believe the imposition of a price and rent freeze until the end of next year will help cool down demands for higher wages. However, the national pay agreement signed last year contains a clause allowing for pay talks to be re-opened prices rise by more than 4 per cent this year.

The index jumped 3.2 per cent in January and tax increases on petrol and cigarettes are expected to push the annual inflation rate above 4 per cent by April at the latest.

Worsening Australian trade adds edge to vote

By Chris Sherwell in Sydney

AUSTRALIA'S election campaign sharpened yesterday after official figures were released showing a worse-than-expected monthly balance of payments deficit and a further rise in external debt.

Balance of payments figures revealed a current account deficit for January of A$1.965bn (£885m) (unadjusted) and A$1.953bn (seasonally adjusted), showing the deterioration had not ended and the economy remained on course for a record annual deficit.

Although seasonal factors and the arrival of two civil aircraft worth A$322m contributed to the high figure, analysts said the underlying rate of imports remained high, despite a slowing economy.

The quarterly debt figures confirmed an increase in the country's net external debt to a record A$118.4bn in December, from A$111.6bn in September, and lent topicality to today's "summit" on the debt problem organised by the Business Council of Australia.

With the country going to the polls on March 24, the trends immediately prompted a feast of conflicting interpretations from leading politicians on the implications for politically-sensitive domestic interest rates.

Mr Paul Keating, Treasurer in the Labor Government, acknowledged the current account figure was higher than had been hoped, but said the economy was slowing and the recent relaxation of monetary policy would bring a fall in retail and mortgage interest rates.

His opposition counterpart, Dr John Hewson, said the bad figures meant interest rates would stay higher for longer than the Government would admit and Labor could not deliver a sustainable reduction in interest rates.

Both men's arguments were echoed by their respective leaders, Mr Bob Hawke, the Prime Minister, and Mr Andrew Peacock, head of the Liberal and National party coalition.

The financial markets initially took a negative view, arguing that the figures ruled out a further easing of policy, but rallied after Mr Keating's comments. The Australian dollar finished marginally higher at 59.2 on a trade-weighted basis (May 1970=100), up from 59.0.

US reopens dialogue with New Zealand

The US Government has restored top-level political contact with New Zealand, which was broken off five years ago when Wellington imposed an anti-nuclear ban which barred US nuclear warships from New Zealand ports, Dai Hayward reports from Wellington.

Since then no New Zealand cabinet minister has met any top-level US official.

The sudden lifting of the ban on top level meetings was announced yesterday by Mr James Baker, US Secretary of State, when he also agreed to meet Mr Mike Moore, New Zealand's External Relations Minister, in Washington today.

Congress party eclipsed by a new political star

David Housego reports on how the rapid rise of Hindu fundamentalism has altered Indian politics

AN experienced Indian politician with an eye for history was yesterday drawing parallels between the political landscape that has emerged from India's electoral marathon and the tussles for power that accompanied the breakdown of the Mughal Empire in the 18th century. In the upheaval that has resulted from the November general election and the continuation of the same trend in the state assembly elections, familiar landmarks have been eroded.

The Congress party that has dominated Indian politics since independence is demoralised and disoriented by defeat. It has been reduced to 193 seats in the Parliament and retains power in only two or possibly three big states. With its following concentrated in the south, Mr Rajiv Gandhi, the former prime minister, looks in the north like a commander without an army.

The new, ascendant star in the Indian landscape, asserting a Hindu nationalism whose scope and meaning is still far from clear, is the Bharatiya Janata Party (BJP). From being unrepresented in Parliament or state government five years ago, it now has 88 seats in the Parliament and is likely to be in government in six states – with an absolute majority in two.

Prime Minister V.P. Singh has seen his authority enhanced by the results of the state assembly elections. But somewhat like the later Mughal emperors, the extent of his power depends on the force

PARLIAMENTARY ELECTIONS

	1980	1984	1989
Seats	542	542	525
Congress	353	415	193
Janata Dal	72(a)	13(a)	141
BJP		2	88
Communists	47	28	44

(a) Janata and Lok Dal parties voting trends in the February state assembly elections have closely followed parliamentary elections in November 1989.

of his personality rather than on a territorial or party base. His Janata Dal, which has 141 seats in the Parliament, performed only moderately well in the elections and will be in government in six states, but with an absolute majority only in Orissa.

The two Communist parties, hold 44 seats in the National Assembly and support Mr Singh's administration without being a partner in it. But they are bemused by the upheavals in the Communist world.

In this fluid situation the focus is on realignments and alliances which could provide a more stable majority to a government in Delhi. The prize at stake is the capture of the centre ground of Indian politics which has been vacated by the erosion of the Congress party. Until this is resolved India is likely to be a more inward-looking country, absorbed by its own preoccupations rather than by the problems of adjusting to a more competitive world.

In the redrawing of the political map, Mr Singh, as Prime Minister, retains much of the initiative. The state assembly elections suggest that in spite of the disadvantage of presiding over a minority government dependent on support from both the Marxists and the BJP on the right, he has retained popular confidence and trust. After the tarnished rule of Mr Gandhi, he is seen as a harbinger of change – though in what direction Indians are far from sure.

Mr Singh's instincts on coming to power were for friendlier relations with India's neighbours, more decentralisation, a compromise in Kashmir and Punjab and a leaner national government with less bureaucracy and controls. Three months later he is embroiled in disputes in Pakistan and Sri Lanka, the army has been deployed in Kashmir, and he has given no firm direction to economic or industrial policy.

If he brings the BJP into the Government, he will be accused by the left in his party of abandoning secular values. If he seeks support from defecting Congress men – Mr Singh is one himself – he risks angering the farmers' lobby in his party (the "backward" castes) which are strongly anti-Congress.

The big new phenomenon in Indian politics is the rise of the BJP, whose Hindu fundamentalist character calls into question the whole post-independence tradition of a secular state. The major question before the BJP is whether it should continue to exploit the fundamentalist issue which helped boost its support in the general election – or whether to evolve as a centrist party able to seek votes across the spectrum and in every region.

Parallel with this is the question of whether to set its sights on capturing power in Delhi on its own, or whether to join Mr Singh's administration. Throughout the history of the BJP – in the 1970s the party was called the Jan Sangh – it has hovered between these two poles. It has described itself as secular and socialist.

It has also operated as the political wing of the Hindu extremist movement, the RSS. It joined the Janata Government in the 1970s but blamed its unpopularity in the 1980s on this experience.

The party remains divided on these issues today. Its president, Mr L.G. Advani, believes the party should stay outside Mr Singh's administration and maintain its strength for a later assault on power.

Other senior members, such as Mr A.B. Vajpayee, the former foreign minister, and Mr Jaswant Singh see its future as a centrist movement. They believe that the coalition governments that the party will now form with the Janata Dal in the states should be extended to the central Government.

Before the Maharashtra results came in, many in Delhi saw in the Congress defeat the end of the Congress party and of Mr Gandhi. Congress has seen a steady erosion of its strength and organisation over the last two decades. But it still commands about 33 per cent of the vote.

As Mr Gandhi demonstrated during his campaign in the election state of Bihar, he is the only Congress leader who can command large crowds. Though there are likely to be challenges to his leadership and defections from the party, he will be difficult to replace.

Whether Mr Gandhi can arrest the party's decline depends on whether he can reinvigorate its organisation. He has promised party elections over the coming months. But so far there is little sign that he has learnt the lessons of his defeat.

The paradox of this more fluid landscape is the eclipse – temporary perhaps – of some of the main regional parties. Strong regional movements exist in Kashmir, Punjab, Maharashtra, Assam and West Bengal. But the regional parties on which Mr Singh counted to form an integral part of his National Front – such as the Telugu Desam of Andhra Pradesh – have been pushed aside by the electorate.

GANDHI STAVES OFF A ROUT IN INDIAN STATE ASSEMBLY ELECTIONS

Prime Minister Rajiv Gandhi's Congress party staved off a rout in India's state assembly elections last night when the party seemed likely to win a slim majority in the western state of Maharashtra and retain power in the small north east border state of Arunchal Pradesh, David Housego writes from New Delhi.

In the eastern state of Bihar, where counting was delayed by violence and repolling, Congress was running equal with the Janata Dal and the Hindu radical BJP party in the number of seats it was likely to obtain. But Congress would not have enough to form a government.

In the other five states that went to the polls on Tuesday – Madhya Pradesh, Rajasthan, Orissa, Himachal Pradesh and Gujerat – Congress chief ministers yesterday submitted their resignations in the wake of their defeat.

The Janata Dal of Prime Minister V.P. Singh won more than two thirds of the seats in Orissa, but was disappointed by its performance in Bihar and Gujerat.

The BJP, the main beneficiary, won an absolute majority in Madhya Pradesh and Himachal Pradesh and did far better than expected in Bihar. In alliance with the Hindu extremist Shiv Sena party, it was just behind Congress in Maharashtra.

In the Janata Dal-controlled state of Haryana, Mr Ranjit Singh, the Agriculture Minister, yesterday resigned from the state ministry in protest at "vote rigging and large-scale violence".

Indian army kills 28 in Kashmir

By Zafar Meraj in Srinagar

AT LEAST 28 Kashmiri Moslems were shot dead by Indian security forces and 45 others injured in Kashmir, as big anti-Indian demonstrations continued into their 11th day.

The Indian army opened fire at two places as thousands of people attempted to pour into Srinagar to join processions in support of independence. Soldiers travelling in lorries were apparently provoked by the anti-Indian slogans and opened fire without warning.

In a separate incident, a senior government official, who had worked closely with the governor, Mr Jag Mohan was killed by a gunman as he climbed into his car.

The demonstrations are a sign the pro-independence movement continues to gain ground in Indian controlled Kashmir. Waving flags of several separatist movements, large crowds have gathered in different parts of the valley.

Many demonstrations have headed for the United Nations office in Srinagar asking the UN to organise a plebiscite in Kashmir on the future of the state. UN officials say more than 1m have so far taken part in front of the UN building.

According to reports in Delhi, Mr Jagmohan, the governor of Jammu and Kashmir asked for the army to take over the administration during his visit to New Delhi this week because he could no longer count on officials in the state.

Setback for Cambodian peace effort

By John Murray Brown in Jakarta

RECRIMINATIONS were flying yesterday as the latest attempt to find a settlement for the 11-year Cambodia conflict ended in failure in Jakarta when the two main protagonists reached deadlock on the wording of a final communiqué.

This leaves serious doubts over any early resumption of the international conference in Paris.

The Vietnamese-installed government of Mr Hun Sen and the Khmer Rouge, the largest of the resistance forces fighting Phnom Penh, each took the opportunity to blame the other for the breakdown. Delegates said the main stumbling block was Vietnam's insistence on inclusion of the word "genocidal" in calling for the non-return to power of the Pol Pot-led Khmer Rouge, signalling a new hardening of Hanoi's position.

It was the three-year Pol Pot regime which devastated the country, killing an estimated 1m Cambodians and prompting Vietnam's invasion in 1978.

The five permanent members of the UN Security Council are to meet on Cambodia in early March. But Mr Claude Martin, representing France, the only Security Council member at this week's talks, dismissed hopes of an early reconvening of the Paris conference which collapsed last summer over the issue of who would run Cambodia in the period before elections.

Sudan frees British journalist

By Robert Mauthner, Diplomatic Correspondent

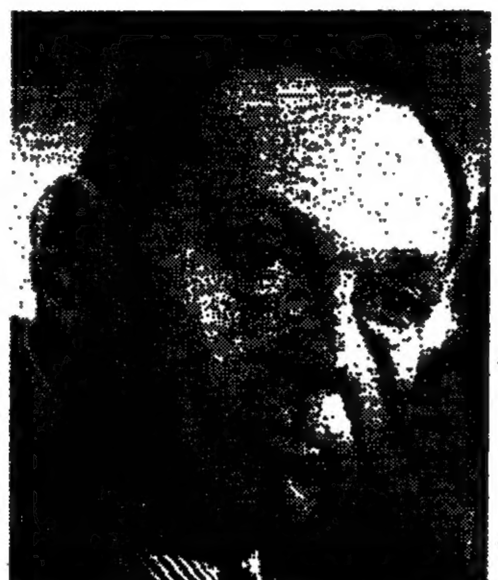
MR Julian Ozanne, the British journalist detained in the Sudan by security police for the past eight days, was released yesterday and given 24 hours to leave the country.

Mr Ozanne, the Nairobi-based East African correspondent of the Financial Times and Sunday Correspondent, was freed the day after the UK Foreign Office called in the Sudanese Ambassador in London to express concern at his detention and ask for his release.

The British Embassy in Khartoum said Mr Ozanne had been questioned by Sudanese security officers about documents in his possession described by Sudanese officials as "unrelated to his work."

Mr Ozanne was reported by Reuters to have said before his detention that security men searched his room in his absence and found letters smuggled out of jail by political detainees complaining about prison conditions.

General Omar Hassan al-Bashir, Sudan's military leader, who came to power in a military coup last summer, told a Cairo newspaper last week there were about 80 political prisoners in Sudanese jails. The military authorities, engaged in a civil war with southern Sudan rebels for the past seven years, have come under increasing attack from international organisations for human rights abuses.



Likud blues: Yitzhak Moda'i (left) in a quiet moment during a press conference yesterday in which he explained why he and four other MPs had left the Likud party, and Yitzhak Shamir, the party leader and Prime Minister grimacing during an AP interview.

Israel faces tough pay round

By Eric Silver in Jerusalem

ISRAEL'S 6 per cent devaluation on Wednesday night has set the stage for a summer of hard bargaining on the statutory cost-of-living increase due in September.

An official of the Manufacturers' Association welcomed the devaluation, but warned the Government it was "a correction, not a policy." If the effects were eroded by over-generous compensation, devaluation would fail in its aim of stimulating export-led growth.

Under the last cost of living agreement, workers will be compensated in April for 80 per cent of price increases over the past six months.

The manufacturers' official, who asked not to be named, insisted, however, that the main problem facing Israeli industry remained unresolved. "I would like to see a clear-cut decision to encourage investments, and fast," he said. "Otherwise there will be no growth and we shall not be able to absorb workers and new immigrants."

Trading on the Tel Aviv exchange yesterday virtually neutralised the immediate impact of the devaluation. The shekel in fact rose by 0.1 per cent to 2.0941 against a basket of currencies. The closing rate against the US dollar was 1.9626, a fall of only 0.2 per cent. The rate for the pound sterling was 3.2858, down from 3.3019 on Wednesday.

● Soviet Jewish immigration to Israel rose in February to 6,000, a record for a single month. A spokesman for the Jewish Agency, which is responsible for bringing them to Israel and for their initial absorption, said that only 135 had settled in the occupied territories in the past 11 months.

Japanese land price fears grow

By Stephen Fidler, Euromarkets Correspondent, in Tokyo

MORE evidence has emerged to support the concern of the Bank of Japan about lending for speculative land purchases. A survey conducted by the central bank showed bank lending to property companies rose 14.4 per cent in the first 11 months of last year.

Growth of such lending slipped to 12.8 per cent in 1988, reaching a low of an annualised 9.4 per cent in June. The Bank of Japan's worries about land price rises have been one reason cited for the central bank's wish to see a rise in the official discount rate, which has been standing at 4.25 per cent since December. Fears of interest rate rises have hit the stock market in the last week.

Banks were asked last autumn to slow lending for land purchases, but there are widespread suspicions that such lending remains strong as banks circumvent regulations, for example, by using leasing companies. This has encouraged expectations prices will resume rising more sharply.

Prices of commercial properties in the Tokyo area jumped 76 per cent in 1987, compared with the national average of 15 per cent. Price rises cooled to 15.8 per cent in 1988, against 8.6 per cent nationwide. Last year prices were estimated to have shown only a 1.9 per cent rise in Tokyo, lower than the 7.5 per cent across Japan.

ANC seeks to raise pressure on de Klerk

By Mike Hall in Lusaka

TOP policy-makers of the African National Congress, who met behind closed doors yesterday for the first time with Mr Nelson Mandela in nearly 30 years, have called for an escalation of pressure on President F.W. de Klerk of South Africa.

They told a delegation of nine US congressional representatives, who flew into the Zambian capital yesterday to meet Mr Mandela, that now was not the time to reduce pressure on Pretoria by lifting sanctions.

"At this moment the best way to encourage de Klerk to go forward ... is to continue the pressure inside and outside South Africa," Mr Joe Slovo, chairman of the South African Communist Party and a member of the ANC executive, told the US delegates.

Death squad probe

President F.W. de Klerk, in his first public comment on the existence of a special South African Army unit suspected of carrying out political murders, said yesterday he had only learned of the unit's existence in January, Patti Waldmeir reports from Johannesburg.

He told Parliament yesterday that a commission of inquiry would investigate allegations – made earlier this week by Mr Magnus Malan, the Defence Minister – that Mr Anton Lubowski, a leading white member of the South West African People's Organisation, had been a paid agent of the unit, the Civil Co-operation Bureau (CCB).

Reform in China 'will come from leaders, not from below'

The status quo is unsustainable but the outlook remains unclear, says a new study. **Colina MacDougall** reports

CHINA'S present Government will not be able to control unrest indefinitely, and the status quo is unsustainable, says the latest Economist Intelligence Unit briefing on China, published today.

But the next big break with the past is more likely to come from behind the closed doors of the leadership than from the streets, and this could lead either to a gradual reassertion of power by economic reformers or to a Stalinist purge.

The Peking massacre of June 1989 changed, perhaps forever, the view that much of the outside world holds of China as relatively benign. Within the country, it produced a new hard-line leadership which appears to have swung China away from reform and into a serious economic recession. The EIU report assesses what the future holds after these changes, and does not take an optimistic view.

Current policy is an uneasy compromise between hard-line ideology and a commitment to economic modernisation. But as its chief architect, 85-year-old Deng Xiaoping, can hardly be around much longer, this balancing act can only be temporary.

The student demonstrations of 1989 and their bloody repression revealed the incompatibility of economic reform with continuing political control, the EIU report argues. On top of that, the succession to Deng remains unsettlingly open, the economy has ground to a halt, and the revolutions in the Soviet bloc have made a profound but so far unpredictable impression.

The present leadership is deeply unpopular, and Peking at least remains a tinder-box of disaffection. Ideological control is proving difficult to re-impose in the wake of the 10 years of growing social and cultural freedoms. Private enterprise, though under new restrictions, remains a source of liberal ideas.

The army and police are no longer wholly reliable, as splits in the military over the armed repression last June made clear. Evidence since the EIU's report was completed reinforces that view, with big changes reported in the leadership of the People's Armed Police last month and growing press focus on the need for the party to control the gun.

The economic stagnation will mean that factories will be subject to go-slows, strikes and protests as workers find their living standards falling. The tens of millions of migrant workers will be a volatile source of unrest. As rural workers lose their jobs and return to the family farms, peasant living standards will also fall.

Students and intellectuals, although they abandoned open political protest after the crackdown, are still a potent source of disaffection.

The report outlines three scenarios for the future. One, Deng will manage to ease out the most hated and hard-line of the leaders this year, and rebuild a compromise leadership including the more reformist figures, such as the present party boss Jiang Zemin, with the aid of some of the military.

Two, if Deng dies, the present leadership will split along factional lines, though it is hard to predict the outcome.

Three, the hard-liners might triumph, again with the support of some of the military, institute an even harsher dictatorship, curtail the country's international contacts, and retreat into a kind of isolationist Brezhnevism. This could hold back reform for a decade or two.

Each of these scenarios would only be temporary, as none would solve China's long-term problems. A look at eastern Europe suggests that genuine reform might emerge from a growing role for the National People's Congress, the rubber-stamp parliament, a freer media, more provincial autonomy and eventually the rise of interest groups which could form an opposition. But none of these is likely unless the party is wise enough to accept a cut in its power.

China Against the Tide, The Economist Intelligence Unit, 40 Duke Street, London W1A 1DW.

HK shakes off some of the Tiananmen Square blues

By John Elliott in Hong Kong

TWO WEEKS after losing its battle with China for a rapid introduction of democracy during the 1990s, Hong Kong is demonstrating its resilience and flexibility by shaking off at least some of its depression and is beginning to plan ahead.

Following the final drafting sessions two weeks ago of the Basic Law, which will form the colony's mini-constitution after China regains sovereignty in 1997, the Government is finalising plans for polls next year which will include the first direct elections to the colony's Legislative Council.

At the same time, pro-Peking public figures who were involved in consultative work on the Basic Law are looking for new organisations that might keep them in China's eye, now the law is completed.

In financial terms the new mood has been demonstrated by the local stock market, withstanding sharp falls in Tokyo. But there is still gloom over long-term prospects and deep resentment about the democracy deal which China forced on the UK in the Basic Law drafting. This has been demonstrated in the past two days in a Legislative Council debate on the law, where the deal was widely criticised.

Mr Martin Lee, a leading liberal, accused the UK of a "shameful capitulation" to China because it had failed to win concessions on the pace of Hong Kong's democratic development after last year's Tiananmen Square crisis.

While few people in Hong Kong would be likely to argue strongly against that allegation, an outspokenly critical resolution was rejected and there was more support for Mr Allen Lee, the council's senior member. He called for a "fresh start" on relations with China and said that the "basic mistrust of the mainland must end".

He said Hong Kong was not master of its own destiny and it would only thrive through "mutual understanding" with Peking.

One priority now is to use next year's elections to prove to Peking that democracy can bring stability and constructive leadership to Hong Kong.

Polling will take place in September, when, under the recent UK-China deal, direct elections will start for 18 seats. At present all the legislature members are indirectly elected or appointed. The Government plans to announce details within the next few weeks and is expected to go for a single-vote, first-past-the-post system.

The total membership will probably rise from its present 56 to a level of 60 agreed for 1995, with the 18 directly-elected seats grouped in five, six or nine constituencies. The 18 coincide with the total number of district boards but the Government wants to introduce a smaller number of bigger constituencies to generate broader election issues.

The remaining seats will be shared among functional constituencies based on professions and occupations, which might go up from their present 14 seats to 20, and appointed lay members who are likely to drop from 20 to 18 or 19. The number of appointed top civil servants will fall from 10 to three, and an electoral college system for 12 people from district boards and municipal councils will be abandoned.

Political pressure groups and parties are emerging, although the elections are likely to centre more on the personalities involved. Party lines are generally being drawn around the speed of democratic development and attitudes to China.

The groups range from Mr Martin Lee's strident United Democrats through a more moderate Hong Kong Democratic Foundation, which represents middle-of-the-road Hong Kong and overseas business interests, to a pro-Peking new Hong Kong Alliance run by Mr T.S. Lo, a prominent lawyer.

Mr Lo is one of the Hong Kong figures who have grown close to Peking during the Basic Law consultations and who are now believed to be looking for ways of continuing their influence.

This, however, is not being viewed favourably by either the Hong Kong or UK government, and does not at present seem to be receiving much encouragement from Peking.

Allen Lee: wants a fresh start

50 die in Beirut

Christians waged all-out war against each other in East Beirut yesterday, unleashing a storm of shellfire that killed 50 people and set a main commercial district on fire, Reuter reports from Beirut.

Thousands of shells and rockets smashed into residential areas, sometimes at the rate of 20 a minute.

Taiwan deficit

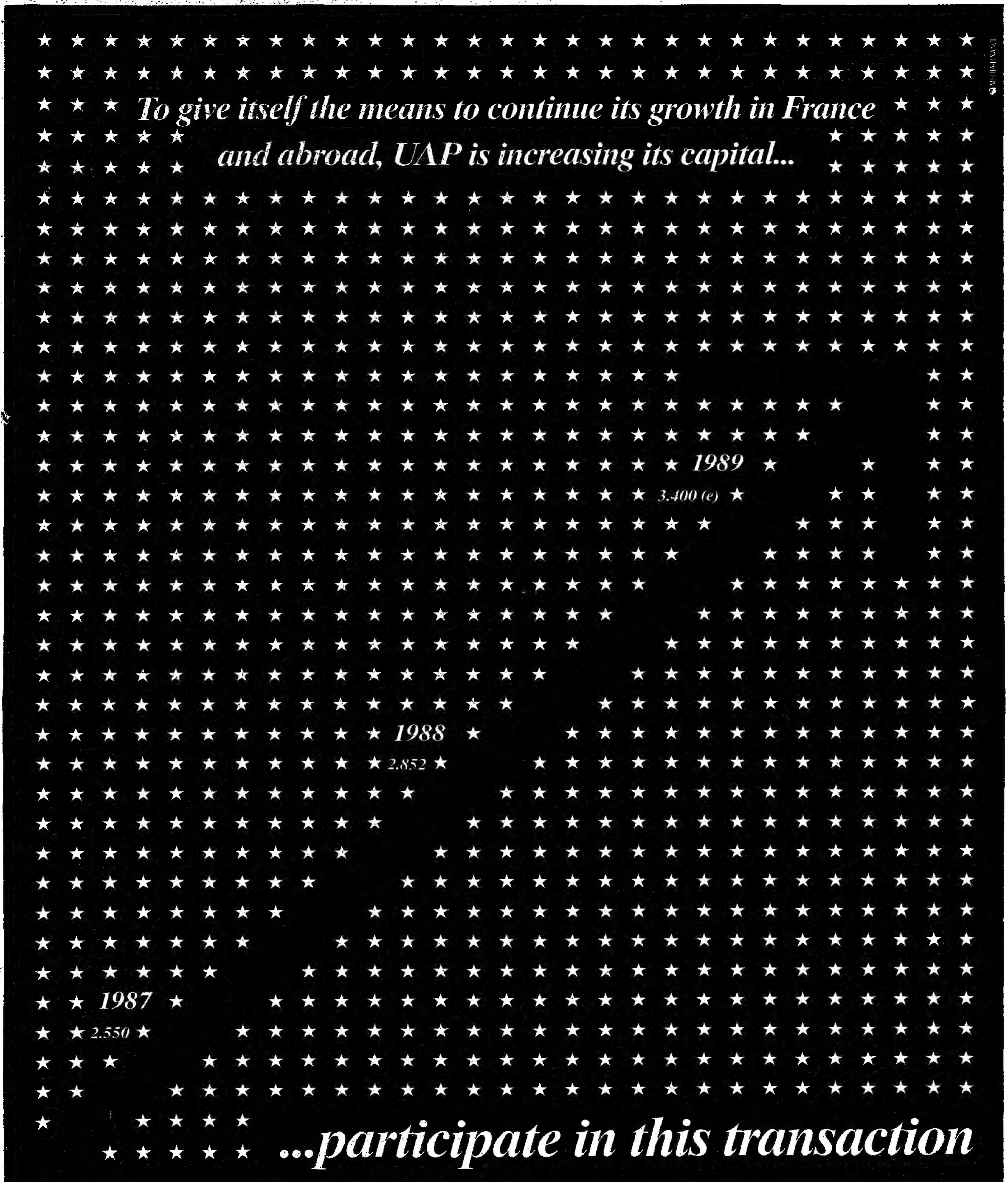
Taiwan may have suffered its first trade deficit in a decade this February, Peter Wickenden reports from Taipei. The Council for Economic Planning and Development said that for the first 24 days of the month exports were worth $4.49bn and imports $4.72bn, producing a deficit of $230m.

Officials attributed it to delays in exports, caused by the Chinese New Year holidays in late January, and the purchase of a $170m aircraft from the US. So far this year, Taiwan has run a trade surplus of $1.1bn, with exports up 7.9 per cent and imports up 15.4 per cent.

Mr Chen Lie An, Economics Minister, is to lead a high-level mission to Tokyo this year in an effort to cut the large trade deficit with Japan.

Correction
Michio Watanabe

A picture on Page 4 yesterday was incorrect. It should have been of Mr Michio Watanabe, the Japanese faction leader. It was of Mr Kozo Watanabe, another Japanese politician. We apologise for the error.



Consolidated net income in millions of FRF (excluding minority interest) — (e): estimated

AMERICAN NEWS

Greenspan urges a review after Drexel collapse

By **Peter Riddell**, US Editor, in Washington

THE regulation of securities groups should be re-examined following the collapse two weeks ago of Drexel Burnham Lambert, though financial markets have taken its fall in their stride, Mr Alan Greenspan, chairman of the Federal Reserve, said yesterday.

He was appearing before a sub-committee of the House judiciary committee, which today will hear from Mr Richard Breeden, chairman of the Securities and Exchange Commission.

Mr Greenspan was cautiously confident about the impact of the Drexel collapse. "Markets appear to have taken the Drexel problem well in their stride, but we cannot be certain that the full repercussions are as yet entirely apparent."

The Fed saw "no evidence" of a loss of confidence in financial markets, though "clearly it is a situation that will have to be carefully monitored".

While it was still too early to draw conclusions, he said recent events suggested that further consideration should be given to issues such as capital adequacy, the manner in which financial institutions such as Drexel that have both regulated and non-regulated subsidiaries are structured, and the possible need for an overview of the entire group.

He said that there were questions relating to settlement, such as the time lags in securing payment.

On capital adequacy, he said that "to the extent a financial intermediary is holding assets that may be hard to liquidate on short notice, or whose price may fluctuate or is difficult to determine, greater levels of capital will be required to maintain the needed degree of confidence".

Mr Greenspan argued that market reaction to the Drexel collapse validated the judgment by Federal authorities that the failure did not present undue risks to the orderly functioning of the financial system or the US economy. He confirmed that the Fed had provided no direct financial assistance to Drexel or other market participants in connection with the bankruptcy.

Having determined that Drexel would be unable to secure new capital and after deciding that its collapse would not unnecessarily impair the financial system, the Fed had focused on assisting with an orderly shrinkage of Drexel's activities, notably its government securities affiliate.

Collor picks economic 'radical'

By **Ivo Dawnay** in Rio de Janeiro

Cardoso: Says her economic reforms will herald a new era.

BRAZIL'S new economy minister is to be Ms Zelia Cardoso de Mello, a 36-year-old economist, and the principal author of President-elect Fernando Collor de Mello's anti-inflationary strategy.

Ms Cardoso will head a newly-formed super ministry combining the functions of the present finance and planning ministries with some additional responsibilities for industrial development.

Formally announcing the long-expected decision yesterday, Mr Collor said that the unprecedented appointment of a young woman to tackle the country's now acute economic crisis was further evidence of the radical nature of his government. Ms Cardoso de Mello, once a left-wing activist, is a long-time friend of Mr Collor and has been a close adviser on economic topics since he became governor of Alagoas state in 1986.

She is an admirer of Mrs Margaret Thatcher, the British Prime Minister, many of whose policies she now intends to emulate in a strategy of liberal reforms aimed at opening up the heavily protected economy to more foreign competition.

At a press conference yesterday she promised to usher in a new era for Brazil with courageous measures aimed at promoting "more efficiency, more productivity and more social justice". On taking office on March 15, the new government is expected to take immediate action to attack an inflation rate that last month exceeded 72 per cent.

The measures include fiscal and administrative reforms, privatisation and a renegotiation of the country's \$115bn (£68bn) foreign debt.

In the short term, the administration is expected to table legislation halting the indexation of the economy to the monthly inflation rate. Ms Cardoso will also seek a new accord with the International Monetary Fund and commercial creditors.

Containers full of banknotes in Buenos Aires dock

Argentina may introduce new currency

THERE is growing speculation that Argentina may introduce a new currency this weekend, pegged at parity to the US dollar, **Gary Mead writes from Buenos Aires.**

Mr Alejandro Cachadora, assistant to Mr Antonio Erman González, Argentina's Economy Minister, yesterday admitted that there were 11 containers in Buenos Aires dock full of paper money.

The confirmation follows several days of intense speculation that the eight-month-old Peronist Government of President Carlos Menem is about to introduce a currency change, the fourth since 1970.

President Menem, right, in Montevideo yesterday for the inauguration of the new Uruguayan President, Mr Luis Lacalle.

Apparently well-sourced rumours carried by the Argentine media yesterday were that the 11 containers held some 300 tonnes of new banknotes; that the banknotes were printed in West Germany; that the new currency will be called the "Argentino" or "Federal"; and that it will be issued this weekend. "Don't ask me any more about this subject, it is totally ruled out," said President Menem on Wednesday.

The austral was first introduced in June 1985 at 85 cents to the dollar. Yesterday it was at 6,000 australs to the dollar.

Consensus near on IMF quotas

By **Peter Riddell** in Washington

THE US and other nations have moved towards a consensus on a 50 per cent increase in the resources or quotas of the International Monetary Fund, Mr David Mulford, the US Treasury's under-secretary for international affairs, confirmed yesterday.

He noted in evidence to a congressional committee that an agreement had not yet been reached on some key aspects of the quota review, though the US hopes that the protracted talks "can be successfully concluded in the coming weeks."

The IMF's executive board decided on Monday to extend by three months, until June 30, the deadline for completing the review and there will be discussions both on the board and among the deputy finance ministers of the Group of Seven industrial countries.

With agreement near on a 50 per cent rise in quotas, the main problem is how deal with arrears in payments to the fund owed by a dozen Third World countries. Mr Mulford yesterday strongly defended the US plan for gold sales by the IMF as part of a package on the arrears problem.

Arguing that regular quota resources should not be used to reduce arrears, he said that gold sales totalling 2m-3m oz could provide "liquid proceeds that could earn a market return and help finance the elimination of arrears."

Bush faces opposition to troop cuts agreement

By **Lionel Barber** in Washington

PRESIDENT George Bush faces unexpected opposition in Congress and the US armed forces to his recent agreement to cut US and Soviet troops in Europe.

Doubts centre on the possibility that a reunified Germany will seek the removal of some or all of the 195,000 US troops which can be stationed there under the US/Soviet plan.

If this happened Congressional critics led by Mr Sam Nunn, the influential chairman of the Senate Armed Services committee, argue that the terms of Mr Bush's agreement with Moscow offer no obvious home for US forces to go.

Officials yesterday attempted to play down potential opposition, but these reassurances masked private concern because the US/Soviet pact requires Senate ratification and Mr Nunn could prove a troublesome obstacle.

Last month's deal on troop cuts is a two-tier plan which reduces US and Soviet forces in the central region (mainly Germany) from 275,000 to 195,000 troops, while allowing the US a further 30,000 in other parts of Europe such as the UK, Turkey and Italy. In last-minute bargaining the US agreed to formally put a cap of 30,000 on its forces outside the central zone.

Compromise reached on clean air bill

SENATE LEADERS and the Administration of President George Bush reached agreement yesterday on a compromise clean air bill providing tighter controls on emissions from cars and power plants, **AP reports from Washington** that Senate sources said.

The agreement, which was expected to be announced later yesterday, is designed to increase the chances of the legislation passing the Senate in next few months.

The agreement, the product of three weeks of closed-door negotiations, reflects a middle ground between the air pollution controls required by a sweeping bill that cleared a Senate committee last November and the more cautious and less expensive approach advocated by the Bush Administration.

Negotiators agreed Wednesday on tighter controls on vehicle emissions to deal with urban smog and on ways to ease the concerns of Midwest senators over the high costs of controlling acid rain pollutants, the Senate sources said.

The agreement clears the way for Senate Majority Leader George Mitchell to bring the clean air legislation up for action on the Senate floor, probably within days.

NEWS IN BRIEF

Ontario pollution pledge as tyre fire is put out

Toronto: Firemen have put out a huge fire at a used-tyre storage depot south-west of Toronto, **Bernard Simon reports.**

The Ontario government hopes that the fire, which was put out on Wednesday after burning for 17 days, will help to generate the public support it needs for far-reaching changes in the enforcement of anti-pollution laws. It has heightened concern in the government and environmental circles that the principle of "innocent-until-proven-guilty" is turning out to be a serious handicap in protecting the environment.

Mr James Bradley, Ontario's environment minister, said the province is trying to find a way to shift the onus onto all industries to prove that their waste products and emissions do not contaminate surrounding water, air and soil.

■ Canada posted a record current account deficit of C\$5.58bn (£2.8bn) in the fourth quarter of 1989, up from a deficit of C\$5.13bn in the third quarter, Statistics Canada said yesterday.

The federal agency said the deficit was C\$19.7bn in all of 1989, compared to a deficit of C\$10bn in each of the past three years.

Go-ahead for nuclear plant

Washington: The US Nuclear Regulatory Commission yesterday approved a full-power operating license for the troubled Seabrook Nuclear Power Plant, **AP-DJ reports.**

The approval is one of the final steps in bringing the power plant into operation, although court appeals are likely and the commission allowed a stay until March 8 for those appeals to proceed. The licence has been held up by concerns over an adequate evacuation plan for the area surrounding the plant. Seabrook has been completed since 1986, but has been idle while awaiting a licence.

Ford Mexico strike averted

Mexico City: The threatened strike at Ford's plant at Hermosillo in Mexico, scheduled to begin yesterday, was averted at the last moment, **Richard Johns reports.**

The labour force accepted a 20 per cent pay increase, plus benefits calculated to be worth another 7 per cent. Negotiators for nearly 1,200 workers had originally demanded a massive rise of 75 per cent.

The settlement should enable the plant to re-start production next month on schedule following a \$300m expansion and re-tooling programme.

Hopes were also high yesterday about chances of a full return to work at Ford's plant at Cuautitlan.

Venezuelan minister named

Caracas: Mr Roberto Pocaterra will take office as Venezuela's new Finance Minister replacing Mr Egle Iturbe, who will become a director of state oil firm Petroleos de Venezuela (PDVSA), **Reuter reports.**

Mr Pocaterra was formerly president of the state-run Industrial Bank of Venezuela, in the finance ministry.

"There are no changes in the policies and their structure," Ms Iturbe said. "We will continue with the strategies that we have planned," she added, apparently referring to the government's austerity programme.

Narcotics production soars

Washington Worldwide narcotics production reached record levels last year according to the US State Department, **Reuter reports.**

Increased production was accompanied by record abuse and by ever more sophisticated ways for drug traffickers to launder their profits, the department said in its International Narcotics Control Strategy Report.

"Opium and coca production increased, narcotics trafficking increased, and corruption and programme ineffectiveness eroded potential gains against international drug trafficking organisations," the report said.

WORLD TRADE NEWS

China and Chile in fishmeal venture

By **Leslie Crawford** in Santiago

CHINA said this week that it would build two fishmeal plants in Chile in a \$30m joint venture with local fisheries companies.

The investment illustrates the rapidly growing trade and economic ties between the two countries and Chile's success in attracting new commercial partners from across the Pacific.

Chile is the world's leading fishmeal exporter and has invested heavily in improving the protein content of its product. The Chinese have shown great interest in both importing the high-quality animal feed and having a stake in this \$500m a year business.

China recently invested \$20m in a Chilean fishmeal plant and Zhu Ruiqi, China's commercial attaché in Santiago, expects the new deal to be finalised in Peking before the middle of the year.

The two countries are also stepping up co-operation in mining. Codelco, Chile's state copper company, and a private company, Madeco, built a copper tube plant in Peking in 1988 in association with the Peking Nonferrous Metals Industry Corporation.

Zhu says China is interested in exporting mining equipment to Chile and talks are advanced with the state metal refining company Enami to develop of a gold mine in northern Chile.

China may also be able to help reduce Santiago's chronic smog problem, which is caused mainly by the circulation of some 12,000 clapped-out buses in the capital.

A delegation of Chilean bus owners recently toured the world in search of new, "greener" vehicles and they lighted on a Chinese 23-seater that is fitted with a British catalytic converter built by the Cummins factory in Darlington, northern England. Mr Raul Bettini, president of the Chilean bus owners' federation, believes he can persuade his 7,000 members to invest in the Chinese buses.

"Many of the buses in Santiago are over 20 years old and are very costly to maintain," he explains.

Ericsson wins phone order from Hungary

Ericsson, the Swedish telecommunications group, recieved a Skr10m (\$1.64m) order from Hungary yesterday for a mobile telephone system in what the company claims to be a breakthrough in modern communications within eastern Europe, **writes Robert Taylor in Stockholm.**

The contract, which will be funded by the World Bank, is with the Hungarian Telecommunications Company which has formed a joint venture with US West, one of the US "Baby Bell" groups.

Ericsson said that the system in the order would include an AXE mobile telehone switch, radio base stations and 200 mobile telephones and it hoped that it would be in operation by December this year.

Algeria, Saudis link

The Algerian state Banque de l'Agriculture et du Developpement Rural and one of the largest private Saudi banking groups, Al Baraka have agreed to set up a joint-venture onshore bank in Algiers, **writes Robert Taylor in Stockholm.**

The new bank is the first such joint venture since Algeria became independant in 1962. Yesterday's announcement marks a further step in the efforts to reform and liberalise the economy of North Africa's largest economy, which were undertaken by President Chadli Bendjedid after riots in October 1988.

Arianespace satellite

Arianespace, the European space rocket joint venture, has won a new satellite launching contract just one week after its rocket blew up with two Japanese satellites on board, **writes George Graham in Paris.**

Hughes Communication said it had chosen Ariane to launch its Galaxy IV and Galaxy VII satellites, which will provide broadcast television distribution and VSAT private networks, "for its commercial competitiveness and its technical and operational competence" after a competitive bid.

The new contract, following so close on the heels of last week's explosion, gives a boost to Ariane's confidence. The consortium has suspended flights while an enquiry looks into the causes of the failure.

EC bid to curb trade limit rights

By **William Dullforce** in Geneva

THE EUROPEAN Community yesterday called for important changes to be made to developing countries' rights under the General Agreement on Tariffs and Trade to impose trade restrictions when they face balance-of-payments problems or seek to promote their economic development.

In a proposal submitted in the Uruguay Round trade talks the EC suggested that countries which had reached a high level of development should renounce their rights. The criteria for limiting imports should be clarified and preference should be given to surcharges on import prices rather than to import licensing or to restrictions with a direct impact on the quantity of imports.

Rules should be tightened to ensure that balance-of-payment limits on trade were only temporary.

The issue raised by the EC proposal is contentious. So far the developing countries have refused even to discuss modifications to their Gatt rights, which they consider to be an essential safeguard for promoting their economic development. Predictably, the initial reaction of Third World negotiators was negative.

The US and Canada had earlier tabled a joint proposal for tightening the balance of payments provisions but the EC ideas are more far-reaching. Basically Brussels wants to close a loophole in Gatt which it considers is being unjustifiably exploited by some countries. South Korea, for instance, ran a large trade surplus for several years before it was pressed into revoking its rights.

While insisting that it does not want to prevent countries with genuine balance of payments difficulties from limiting imports, the EC's argument is that trade restrictions are not the best method of resolving balance of payments problems.

Brussels proposes that Gatt states sign two declarations at the end of the Uruguay Round in December. Under one the OECD countries and others which have reached a high level of development would undertake not to resort to trade restrictions for balance of payments purposes. Limits would be applied to the import restrictions introduced by less developed countries and a time schedule would have to be announced for ending them.

Under the other declaration countries wanting to promote infant industries would agree to use direct government assistance rather than apply trade restrictions. Restrictions would not be used at all to protect industries that exported a significant share of their output and could therefore be deemed to be sufficiently competitive.

ABB plans East German venture

ASEA Brown Boveri, the electrical engineering group, plans to form a joint venture between ABB Kraftwerke AG, its West German subsidiary, and VEB Bergmann-Borsig, the state-owned power plant manufacturer in East Berlin, **writes William Dullforce in Geneva.**

ABB said a new joint company would be set up as soon as the legal conditions in East Germany permitted. A letter of intent has been signed with the Bergmann-Borsig management under which ABB would acquire a majority stake. Conditions are expected to be ripe for the conclusion of the deal after the East German elections in May.

Bergmann-Borsig forms the core of the collective combine Kraftwerksanlagenbau Berlin. It produces steam turbines, generators, thermal engineering apparatus, boilers and equipment for nuclear power plants at its plant in Berlin-Wilhelmsruh.

Portuguese air force to buy F-16s in \$450m deal

By **Patrick Blum** in Lisbon

PORTUGAL'S air force is to be modernised with the acquisition of 20 F-16 fighter aircraft, built by General Dynamics of the US, worth about \$450m.

The decision follows months of talks between Lisbon and Washington. The Portuguese purchase will be staggered over three years and will be financed mostly with US Foreign Military Sales (FMS) credits, the US Embassy said.

The cost to Portugal will be about \$52m. Portugal was allocated FMS credits of \$100m for the 1989 fiscal year; the allocation for this year is \$84.6m.

The US at first offered to supply Portugal with second hand F-16s, model A,B, bloc 10, worth about \$290m, but the Portuguese authorities found this model unsatisfactory.

After talks in November during a Nato Nuclear Planning Group meeting in the Algarve between Mr Eurico de Melo, the then Portuguese Defence Minister, and Mr Dick Cheney, the US Defence Secretary, Washington agreed to provide Portugal with the new aircraft, model A,B, bloc 15. The bloc classification defines different configurations of electronic and weapons capabilities for the aircraft.

The aircraft will enhance Portugal's capabilities within Nato, especially its responsibility for supervision of air space over the western north Atlantic. Portugal's air defence and surveillance systems have been undergoing an extensive programme of modernisation since 1979 at a cost of about Esc 36bn (\$240m). Common infrastructural funds from the alliance financed about 80 per cent of these costs, with Portugal providing the remaining 20 per cent.

India's people's car makes a sharp turn upmarket

Exports to Europe hold the key to Maruti's ambitious plans to double output, reports **David Housego**

MARUTI, India's largest car maker, is that rare animal in the world's automobile industry – a motor company faced with a surge in demand which it cannot handle.

When the state-owned group in which Suzuki of Japan has a 40 per cent stake said recently that it was bringing out a 1000cc model it was overwhelmed by orders. The new luxury car, based on Suzuki's Esteem, is aimed at India's fast expanding middle class.

Maruti plans to assemble 25,000 of the cars in the first 12 months after the vehicle goes into production in October. To deter black market sales, Maruti asked prospective buyers to put down a Rs100,000 (£3,500) deposit – equivalent to between a third and a half of the expected sale price.

More than 250,000 people paid the deposit – including many speculating that the first models would fetch a hefty premium – meaning that the offering of the car was 10 times oversubscribed.

Last Saturday a supreme court judge pulled out of the computer the numbers of the lucky winners. Maruti is to return the deposits of those who were unsuccessful in the lottery. But the exercise has earned the group Rs150m in interest on the funds lodged with it.

The new car is the first larger capacity saloon that Maruti has brought out since introducing its popular 800cc model – an older version of the Suzuki Alto – in 1984. Sales have been so buoyant that the group is still delivering cars booked in 1986. On the Omni mini-van – traded new for a Rs25,000 premium – the waiting list is 6 or 7 months.

Maruti had an inauspicious start as a private manufacturer set up by Mr Sanjay Gandhi, the younger son of the former Prime Minister, Mrs Indira Gandhi, to make a "people's car." When the venture went bankrupt, it was taken over by the state.

The Maruti production line: unable to meet demand

Demand for the Maruti has been inflated by two factors. Duties on imported cars range from 250 to 350 per cent, so few can afford them. Maruti also has an monopoly within India on the manufacture of small capacity cars.

Mr R.C. Bhargava, Maruti's managing director, said that the main constraint on expansion was foreign exchange. Maruti expects to produce 117,000 vehicles this financial year – 11 per cent more than last year and above its official capacity of 100,000.

The average import content of the Maruti 800cc is 12 per cent. For the new model it will at first be 37 per cent. Imports of raw materials and components are likely to reach \$90m this year – which the group hopes to reduce to \$70m in 1990–91 as local content grows.

Government pressure on Maruti to pay its own way in foreign exchange terms has given impetus to exports. It sold 1,408 cars abroad in 1988–89, mostly to neighbouring countries like Bangladesh, Sri Lanka and Nepal, as well as to Hungary.

This year it has launched the 800cc in France through the French distributors Chardonnet. It has sold 2,100 cars since December and expects to deliver another 700 by the end of March. Its reception in France has been unexpectedly favourable. Because Japanese cars are limited to 3 per cent of the French market, none of the smaller Japanese models are marketed in France. The Maruti, designed in Japan and with over 30 per cent of the export model made outside India, fills this gap.

Promoted as a car for intra-city travel, it has been praised for its spaciousness but criticised for its cheap trim – which is now being changed – and for its price. At FFr41,900 (£4,300) the Maruti was almost FFr4,000 more than the Fiat Panda with which it most closely competes.

In financial terms, Mr Bhargava says that Maruti is "more or less breaking even" on sales to France. The company is negotiating its distribution elsewhere in West Europe through the Suzuki network.

Having demonstrated Maruti's foreign exchange earning potential, Mr Bhargava feels in a stronger position to press the government to agree to double capacity to 250,000 cars a year. His proposal is seen as providing a test case of the new administration's industrial and trade policy.

There has been criticism from Gandhian Socialists within Prime Minister V.P. Singh's government to the production of the 1000cc car, which some view as a luxury vehicle pandering to middle class consumerism. Other ministers have criticised Maruti as an unwelcome example of "assembly kit" culture. There will also inevitably be fears of rising import costs with a Rs3.5bn expansion and with higher levels of production.

Mr Bhargava feels that with export earnings rising from \$22m this year to an estimated \$40-60m in 1990-91, Maruti should be able to cover its foreign exchange costs by the end of 1992. Another argument for expansion is that with current annual production of only 117,000 cars, it is deprived of the economies of scale that would be available to even a medium-scale international producer.

It also has difficulty in persuading its component suppliers to make the investments needed to produce components of the quality and price required. Maruti purchases from outside suppliers about 75 per cent of its components and has to keep 2-3 weeks of inventories because of irregular deliveries and variable quality.

Production at the plant fell last week to 145 units a day because of an unexpected shortage of propeller shafts for the Omni mini-van from a current average of about 430.

A POTTED HISTORY OF PRINTING FROM THE *FIRST* LETTER TO THE *LAST* WORD.

An A on the turn, 1500BC

Never take letters for granted.

The Yoruba tribe of Nigeria once used cowrie shells to communicate with each other. Six sent to your beloved meant, "I fancy you." Eight sent back in reply meant, "I'll leave the door open."

It was of course vital to be able to count accurately.

Other early forms of communication took even more cryptic form. Peruvian Quipus – knotted cords of different colours – were used by Inca Civil Servants as a sort of filing system for public records.

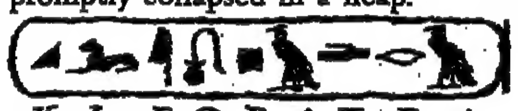
These are still used in Lambeth today.

The Quipu may have been alright for beating llamas, but as a way of communicating, it couldn't beat writing: "the greatest invention of man" according to Abraham Lincoln.

In the earliest stages of writing, letters were drawn like pictures (pictographs).

The first pictographic 'writing' was Sumerian from around 4000BC.

The most famous was Egyptian hieroglyphic – sacred writing engraved in stone. This meant absolutely nothing to anyone until a Frenchman called Champollion succeeded in working out and writing the name of Cleopatra from hieroglyphs on the Rosetta Stone in 1822. Realising what he'd done, he cried out "Je tiens l'affair!" ("I've cracked it!"), and promptly collapsed in a heap.



K L E O P A T R A

We can also congratulate the Egyptians for developing the pen and papyrus. It may not seem much to you, but it was a damn sight easier to tuck under your arm than a chisel and a block of granite.

To keep the number of signs down to a minimum, the Egyptians adopted the rebus principle – a pictorial way of substituting pictures for words or syllables. Need say more?

Pity the Chinese didn't grasp this principle. Even now their written language has 50,000 graphic characters. (Incidentally, in early Chinese the signs for 'woman' plus 'broom' meant 'wife.' 'Woman' plus 'woman' meant 'quarrel' – the earliest example of sexism in literature.)

And so, as scholars' jaws drop even lower, let us skip to the alphabetic system of writing 'invented' some 3,600 years ago.

The word alphabet is simply the combined Greek names for the first two letters, alpha and beta.

The first letter of the Hebrew ('alef), Arabic ('alif), Greek (alpha) and Latin (A) alphabets all came from this: , a picture of an ox head which over the years changed into something we all recognise, don't we A?

B

Phoenician, circa 1000BC

The first alphabet is believed to have come from the Semites. But it was the Phoenicians who aimed to devise a true alphabet which relied on one symbol to represent one sound.

Early alphabetic scripts could be read from top to bottom, left to right, right to left and, at one period in Greek history, were written in boustrophedon – as the ox ploughs – from right to left and back again from left to right. Confused? You will be...

C

Greek, circa 550BC

Hallelujah! The Greeks stop the Phoenician alphabet spinning round and get everybody to agree to read from left to right. Except those poor Chinese of course...

D

Roman letter, 114AD

And on to the alphabet we inherited from the Romans. The most perfect expression of the letters is chiselled into the base of the Trajan Column in Rome. By common consent, these *Capitalis Romana* are known as the most beautiful of all Roman letters and were the prototype for western letter forms.

About 50AD, the last letter in the alphabet was X. Then after conquering Greece and learning a few Greek jokes that needed a bit of explaining, the Latins added Y and Z. J and U were added in the early Middle Ages and W arrived in the 11th century – just in time for Beowulf.

Meanwhile, back in the court of Emperor Wu Di, a Chinese eunuch called Cai Lun with no balls but one hell of an imagination, invented paper. Made from tree bark, fish nets and old rags, it took over 1,000 years to reach Europe.

E

Rustic Capital, 4th-5th century

Unless you're really into calligraphy (another Greek word of course), we can skip Rustic Capitals and a few hundred years. During this time generations of poor, benighted scribes tried fruitlessly to improve on Roman lettering and developed something they called 'book hand.' This is probably related to 'scribe's bottom' or 'copyist's squint.'

The Roman Empire went bust round about now and the barbarians turned it into a bingo hall.

G

Uncial letter, 7th century

As the dust settled on the Roman Empire, *Literae Unciales* (inch-high letters), were the chubby little heroes of the day. Belted off by scribes who skidded round corners and joined strokes to save time, they were now being written on parchment, "that stouffe that we wrythe vpon: and is made of beestis skynnes:"

ALL LETTERS WERE STILL IN CAPITALS.

Illuminated letter from The Book of Kells, 6th–8th century

But they got a lot smaller in the 6th century when the lowercase letter started popping up. As did the Vikings, the 8th century's very own lager louts who, despite destroying every monastery they could find, missed those responsible for the two masterpieces of Celtic illuminated writing – The Book of Kells and the Lindisfarne Gospels.

The latter was once stolen and found later, buried and minus its gold cover. Even in the Middle Ages, people nicked books. To try and stop this, scribes would often add a curse in the colophon as in this 9th century manuscript:

"Whoe'er this book to make
his own doth plot,
The fires of hell and brimstone
be his lot."

And it wasn't until about 600AD that words began to be separated. Uptillthennobodysawanyreasontoputspacebetweenthem.

l

Carolingian letter, 8th century

Fed up with trying to decipher the cryptic handwriting of scribes from all over his empire, Charlemagne headhunted the top man from the Scriptorium at York and gave him the job of creating a single standard of handwriting – the first bit of corporate design ever.

Charged almost literally with rewriting history, Alcuin of York developed Carolingian letters – a clearly legible book hand, and the direct ancestor of our lowercase alphabet and most basic type styles of today.

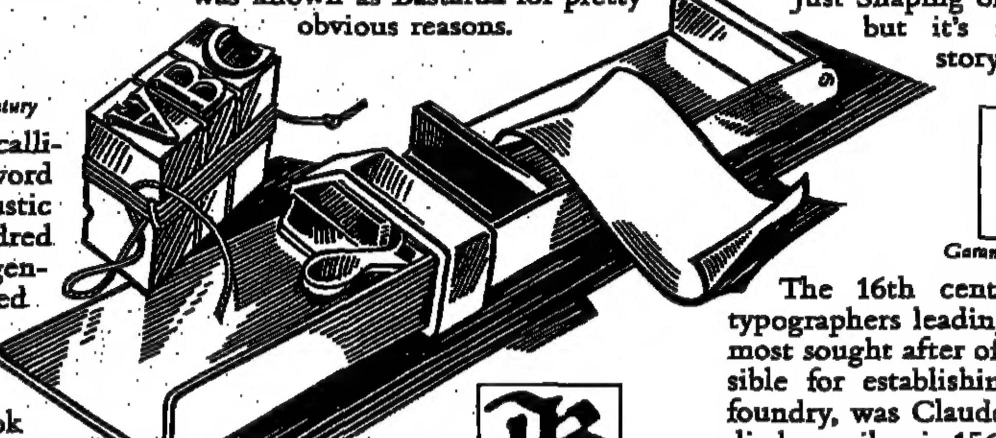
J

Black letter, 13th century

Whizzing past the order for one Domesday Book placed in 1086 (famoose for its paw spelling), here's a cultural handrail to give you some perspective on the 12th century. In the whole of Europe there were only four universities: Paris, Oxford, Bologna and Salerno.

As books were becoming more of a commercial enterprise, the need to cram more and more onto a page produced the Gothic or Black Letter. De rigeur for religious manuscripts, it still plagues wedding invites and made Chaucer a swine to read even then.

One variation on Black Letter was known as Bastarda for pretty obvious reasons.



B

Gutenberg Bible, 1456

"If all printers were determined not to print anything till they were sure it offended nobody, there would be very little printed." *Benjamin Franklin.*

Up 'til 1440, everything in Europe had been handwritten. And then... Johann Gensfleisch (zum Gutenberg), a goldsmith, came up with his amazing invention. Movable type – printing! His 42-line Bible, completed in 1456, was printed on a machine he made out of an old wine press...

L

Roman letter, Jenson, 1470

Nicholas Jenson's Roman letters, cut in 1470, left Gothic for dead and have been admired by experts for centuries.

m

Caxton, Black Letter, 1477

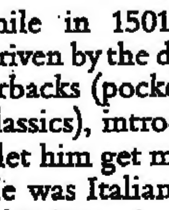
The first English printer was Caxton. The first book printed in England to bear a date was his 'Dictes or Sayengis of the Philosophres' in 1477. Touchingly, one of his assistants was called Wynkyn de Worde...

n

Manutius, Italic, 1500

What did Raphael, Cellini, Michelangelo, Henry VIII and Lady Jane Grey all have in common? Their handwriting, adopted from the fashionable writing manual 'Operina' written by the Pope's Chancery scribe, Ludovico Arrighi. Other scribes followed suit with manuals of their own. One such, a Spaniard called Morante, became so popular his competitors turned him in to The Inquisition.

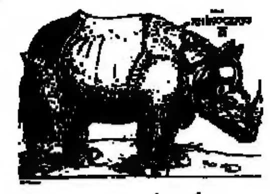
Meanwhile in 1501, Aldus Manutius, driven by the desire to invent paperbacks (pocket editions of the Latin classics), introduced a type that would let him get more letters to the page. He was Italian, the English thus called his invention, italics.



Geofrey Tory from 'Champ Fleury,' 1529

The Renaissance interest in geometry and ideal form pushed many to try and redefine the proportions of the old Roman Capitals using the mutual proportions of the human body.

One such was Geofrey Tory, one of the biggest men in French letters, no, hang on...



Albrecht Dürer relied on nothing more than a sketch and a description of a rhino for this woodcut which was a sell out and went through eight editions.

Unlike the rhino, which went through the ship's hold on its way to Pope Leo X and had to be forwarded to him, stuffed.

Dürer also wrote "Of the Just Shaping of Letters" in 1525, but it's not as good a story.

P

Garamond, Roman, 1532

The 16th century saw French typographers leading the world. The most sought after of the time, responsible for establishing the first type foundry, was Claude Garamond who died penniless in 1561, a little ahead of enduring fame. C'est la vie.

Q

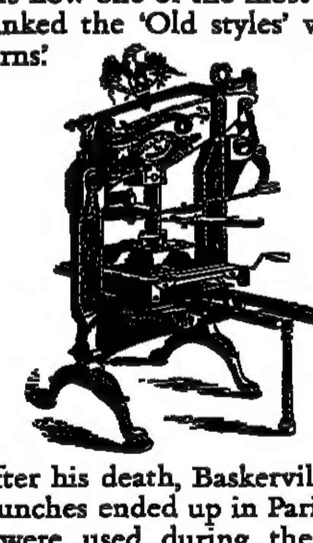
Caslon, Old Face, 1726

By the 18th century the spread of literacy amongst a growing middle class made printing big business. William Caslon's Old Face type, cut in 1722, became known as "the finest vehicle for the printed conveyance of English speech."

R

Baskerville, Roman, 1757

Nothing was good enough for Baskerville. He made his own ink, developed his own wove paper and made the first real improvements to the printing press since Gutenberg. His typeface, dismissed as 'painful' at the time, is now one of the most popular and linked the 'Old styles' with the 'Moderns.'



After his death, Baskerville's type and punches ended up in Paris where they were used during the French Revolution. His body, for various bizarre reasons, spent the best part of 80 years kicking around a warehouse and plumber's shop before being finally put to rest.

S

Bodoni, 1788

The so-called "Father of 'modern' type," Bodoni of Parma managed to attract Napoleon's attention with the imperial look of his work.

Wood & Sharwoods, Ornamented No 1, 1838

Display faces were just what the early advertisers wanted. The wackier the better. One of the very earliest poster types had the most appealing name: Fat Face.

begins Urn, that at tea-
time Jane brings,
When we all love to hear how it
hisses and sings.

From 'The Mother's Picture Alphabet' of 1862.

V

Typewriter, 1850s

'The Adventures of Tom Sawyer' was the first novel to be written on a typewriter in 1875. Mark Twain dismissed his Remington as a "new fangled thing."

Morris, 1890s

Better known to Yuppies for his wallpapers and textiles, the poet William Morris started the Kelmscott Press in 1891 to revive the beauty of typography that book production lost, in his opinion, somewhere in the 15th century.

X

Johnston's Railway Type, 1918

The first sans serif (letters without pointy bits), of the 20th century was Johnston's Railway Type designed for the London Underground in 1918.

Y

Times New Roman, 1932

Without doubt the most influential authority on printing and typography this century, Stanley Morison is most publicly remembered for re-designing The Times. The October 3rd issue of 1932 was the first to feature his Times New Roman.

Z

Michel Medium, 1960s

A zip through the last 50 years.

Machines took over from men to pursue the goal of ever clearer letters, set ever more quickly.

Up to the turn of the century however, book print was put together by 'Pica Thumpers' – so called after a size of type.

Paid by the 'ennage' (or length of setting) they had a sneaky habit of slipping extra space into the line. It's easy to spot their work.

Then along came the computer...

e

is for Epson's TLQ 4800. The last word in computer printing technology and the first 48 pin dot matrix in the world.

And not satisfied with an invention that makes printing history, Epson have invented a whole new word to describe how they did it – Supermechatronics.

(Those poor old Chinese, that's another 52 brush strokes they'll have to learn.)

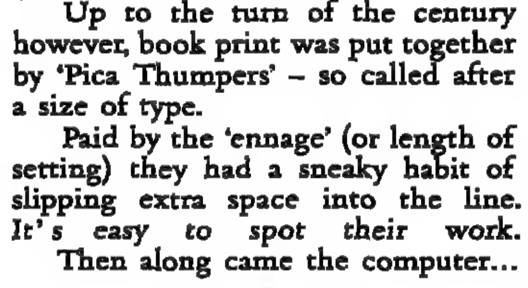
What this gives you is a machine with print quality like a laser (Total Letter Quality no less).

Unlike a laser printer however, the Epson gives you amazing paper handling. You wouldn't believe what it can do with a piece of A3 paper.

If you want to find out what else this revolutionary new printer can do for you, tie a knot in your Quipu and remember to write to: Epson (UK) Ltd, FREEPOST, TK984, Brentford, Middlesex TW8 8BR. Or call up Prestel *280# or phone (0800) 289622 free of charge.

E is also the beginning of the end.

ET SIC FINIS



EPSON

NEWS IN BRIEF

Storm costs escalate for insurance companies

The cost to insurance companies of the storms since the beginning of 1990 may already exceed the cost of all storms in the UK over the previous five years.

In the first instance the reason for the escalation in insured losses is the increased severity of storms and floods. Regardless of whether or not changes in the greenhouse effect explain recent storms insurers generally accept that European weather in the 1990's is becoming more volatile.

But for UK and European insurance companies the escalation in the cost of claims is explained more by changes in the pattern of insurance, particularly its density, than by greater incidence of severe weather.

Tunnel progress

Engineers digging the Channel tunnel last month completed 5.5km of the three tunnels, two rail and once service, which will stretch between Britain and France. This was the highest monthly total since digging started just over two years ago.

Fund managers score

Aggressive equity-oriented pension fund managers scored heavily in last year's performance league table. In a year when most stock markets around the world boomed, more cautious managers were left behind.

Offshore values rise

Offshore funds based in Jersey climbed in value by 36 per cent to £7.5bn in 1989, despite the loss of certain funds to Luxembourg and the adverse impact of changes in UK taxation on the mainland demand for Jersey multi-class "umbrella" funds.

According to the Jersey Fund Managers Association, which has more than 30 member companies, the number of funds increased from 162 to 165.

Storms hit crops

Storms which have lashed the Welsh coast have devastated the seaweeed harvest, causing a shortage of laverbread – a Welsh breakfast delicacy, served fried with bacon.

Iveco Ford cuts production as recession bites

By Kevin Done, Motor Industry Correspondent

IVECO Ford Truck, the UK truck market leader last year, is cutting production at its UK assembly plant to a three-day week in response to the continuing steep recession in the UK truck market.

Iveco Ford, a joint venture between Iveco, the commercial vehicles subsidiary of Fiat of Italy, and Ford of the US – managed by Iveco – has been operating a four-day week since the beginning of the year after extending the Christmas/new year production break by eight days and sharply reducing output since last autumn.

Production at the company's assembly plant at Langley to the west of London has been reduced to 50 vehicles a day compared with the peak of 79 a day reached in the second half of 1988.

With production reduced to a three-day week – initially for four weeks from next Monday – output at Langley, which produces the Cargo truck range, will have fallen by 62 per cent from the levels reached in late 1988. Almost all of the 1,100 hourly-paid workers at Langley will be hit by the three-day week.

At the same time Leyland DAF is cutting the workforce at its Albion truck axle plant in Glasgow by 13 per cent to 650 with the loss of 100 jobs, as a result of the drop in output at its Leyland truck assembly plant.

The Leyland plant is currently operating a four-day week for nine weeks starting from mid-February, and the assembly plant workforce is also being reduced.

The cuts in the workforce at the Albion plant would have been much deeper, but Leyland DAF is planning to transfer production of van axles to the plant from Birmingham saving around 110 jobs. It is increasing van production in Birmingham thanks to strong export demand in continental European markets.

The UK truck market has gone into steep decline in the last five months. Sales for the whole of 1989 were the highest of the decade at 69,234, but in the final quarter demand was 20.2 per cent lower than a year earlier. Truck sales fell by 28.9 per cent in January to 4,579 from 6,442 a year ago.

Iveco Ford was ousted from overall leadership of the UK truck market (above 3.5 tonnes) in January by Leyland DAF, the UK subsidiary of DAF of the Netherlands. Its share was reduced to 21.8 per cent compared with Leyland DAF's 22.2 per cent.

Engineering union presses on with strike campaign

By Michael Smith, Labour Correspondent

ENGINEERING unions yesterday launched the second phase of their strike campaign for a shorter working hours on the eve of expected agreement for a 37-hour week at British Aerospace's plants at Preston and Chester.

The Confederation of Shipbuilding and Engineering Unions named 11 Lucas Industries plants as potential targets for strikes, and laid plans to add another 50 companies to their target list next week.

Expected votes today for deals at BAe's plants in Chester and Preston will coincide with a meeting in Toulouse of the board of Airbus, the European aircraft consortium.

Aerospatiale, BAe's French partner in the consortium, has threatened to press BAe for compensation of $120m because of delays to the Airbus programme caused by the strikes.

Of the 11 Lucas plants named for possible action, four, at Wolverhampton, Burnley, Coventry and Huyton, are part of the aerospace arm. The others – at Gloucester, Pontypool, Cwmbran, Gillingham, Sudbury, Acton and Burnley – are automotive plants.

NEW LOCAL TAX THREATENS LONG TERM DAMAGE TO TORY PARTY

Meeting the country councillors who dared to rebel

THE West Oxfordshire Conservative Association's secretary, Mr Victor Burge, was trying his best yesterday to hold a steady course in the midst of gathering storms, writes Jimmy Burns in Witney, England.

Flanked by pictures of the Prime Minister and the Foreign Secretary Mr Douglas Hurd, who is the local MP, Mr Burge said: "Our membership is as strong as ever and our support is as strong as ever ..."

Mr Burge, who blamed part of the problem on the alleged overspending by the Labour-controlled county council, was doing nothing more nor less than what had been demanded of Tory agents throughout the country by party chairman Mr Kenneth Baker: "Go on the offensive over the poll tax."

And yet it was far from clear that the message was getting through much beyond Mr Burge's small cramped offices in this town where 18 Tory district councillors resigned on Wednesday - partly in anger at the high poll tax bills.

Gerald, a 75-year-old retired farmer who did not want to be identified, remembered voting for Churchill and has voted Tory ever since. "We were told that the poll tax would turn out cheaper, but I think it's going to turn out dearer. If the reverse is the case there's much more explanation that needs to be done."

Bill, a retired motor mechanic, had also voted Tory as long as he could remember. But sitting in the local Tory Party club yesterday, his loyalties were under even more strain.

As a pensioner with no private income he thought he and his wife would be particularly hard hit by a poll tax which has been fixed at £412.

"I think everything the Government is doing is wrong at the moment ... I will definitely be reconsidering my vote," said Bill.

But if there were stirrings of dissent within Tory ranks yesterday disgruntlement beyond the offices of the district council had not yet translated itself into widespread rebellion.

According to one local resident, "If you put a pig up and stick a blue rosette to it people will still vote for it," - so staunchly Tory has this constituency been.

Witney, a market town with developing services and tourist interests in the midst of the Cotswolds, remains a geographical reflection of Thatcherism.

Mr John Overton, a local antique dealer who counts among his clients many Tory voters with smart Oxfordshire cottages, predicted yesterday: "Although problems with the poll tax are making the going rougher I don't think it's going to cost us the next election."

Mr Clive Sweetingham, a young local manager, said: "If we were to change now and vote Labour then there really would be an upheaval. Even with the poll tax, this Government has given me a stability I know and can live with."

Mr Sweetingham was sharing a drink in the House of Windsor pub with Jill Titherington, a Labour voter who declared herself delighted that her Tory father, Arthur, was one of the local councillors who joined this week's rebellion. But even Ms Titherington's euphoria did not translate itself into a cry of imminent victory.

What no one doubted yesterday however was that Mr Burge has a major task on its hands in ensuring that political damage on the Tories is kept to a minimum in the run up to May's local elections.

Man in the Tory corner comes out fighting

Michael Cassell profiles the minister entrusted with selling the poll tax to the electorate

MR DAVID HUNT, the Conservative local government minister charged with winning the poll tax propaganda battle, wears his Solidarity badge with evident pleasure.

Just back from a visit to Poland, where his advice on the machinery of grassroots democracy was eagerly devoured, he could be forgiven for expecting a touch more enthusiasm and solidarity at home.

Up well before dawn yesterday to return from northern England and the Tory government's latest inner-cities initiative, one of Westminster's newest and most enthusiastic ministers arrived at the Department of the Environment (DoE) in London to hear details of the latest set-back in an increasingly fraught countdown to poll tax day later this Spring.

The overnight resignation of 18 Conservative councillors in West Oxfordshire will hardly ease the task for a man seen by many of his colleagues to have endured years of hard slog in the whips' office, only to be rewarded by drawing the shortest ministerial straw of them all.

Mr Hunt, however, is a former national debating champion and relishes a good argument. Raised on the streets of Liverpool, he might appear an unlikely fighter but his combative skills have been showing through at the despatch box.

During the last, critical Commons debate on the poll tax in January, he put on a bravura performance which impressed both sides and which proved to be worth a few badly-needed Tory votes.

It was a high-spot for the man who entered the Commons to represent the north-west constituency of the Wirral in 1976, having previously forfeited his selection to fight Plymouth Drake by mounting an attack on Enoch Powell's opposition to Ugandan Asians entering the country.

The Wirral victory gave Mr Hunt the biggest Tory majority in the country, whereas the Plymouth seat which spurned him was held by just 32 votes. He grins reflectively and adds: "The sun shines on the righteous".

He joined the whips' office in 1981 and became a junior energy minister half way through the miners' strike, daily appearing on television screens to deny the claims by Arthur Scargill, the leader of the National Union of Mineworkers, that coal stocks were running out.

He was appointed deputy chief whip in 1987, moving over to the DOE last year to take on both the inner cities and local government portfolios.

David Hunt: relishes challenge

Mr Hunt is on the record as saying he enjoys every minute of his politics.

He does not give the impression of a man who is about to change his mind just because of a little difficulty with a system of local government finance which he at least believes is fair and simple and will soon prove itself.

Well liked and respected on both sides of the House for his bouncy enthusiasm and gentlemanly approach to the often-ungentlemanly business of whipping, he sees the job he has held since last summer as a challenge and not as a poisoned chalice.

Mr Hunt fails to flinch as the shells explode around him; he paints a picture of ill-informed pressspeculation and of frantic political manoeuvring at local level while vested interests attempt to fully exploit the implementatioon of a new tax.

The figures coming in to the DoE, he suggests with commendable sang froid, indicate that as the budget-fixing deadline for district and metropolitan councils approaches, common sense is beginning to prevail.

Most high-spending councils, he insists, remain Labour controlled and most people will soon realise that they vote Labour at personal cost.

He is unapologetic in repeating the government's case for the tax itself and for the scale of expenditure allocated for local authority spending next year.

Council spending, he stresses, has risen by 10 per cent in real terms over the last five years while central government expenditure has virtually remained at a standstill.

He rejects the notion that the government could have avoided its current difficulties by making a more generous financial settlement to the authorities: "I suppose we could have provided more than an 8.5 per cent in external finance and raised the standard spending assessments by more than eleven per cent but that would not have been fiscally responsible and would have created other problems for the economy".

As for the prospect of charge-capping, irrespective of the political colour of extravagant authorities, he adds: "I am the local government minister.

"I do not have regard to the politics of individual councils when it comes to capping. We have made it clear we will whatever is necessary".

He takes a ritual swipe at Labour's "twin tax torture" alternative, which he says will mean an extra 55,000 staff nationwide and a local Chancellor of the Exchequer in every town hall.

Two weeeks ago in his Wirral constituency, there was a council by-election,in which the poll tax was the main issue. The Tories' share of the vote, he stresses, actually went up.

"When the facts are before them, people will see the community charge as a more sensible and fairer system. In four weeks' time, domestic rates are gone for good and I say good riddance." His view, it seems, is not yet universally shared.

American Airlines chief attacks "restrictive policy"

By Paul Betts, Aerospace Correspondent

MR Robert Crandall, the chairman of American Airlines, the biggest airline in the west, yesterday accused the UK of adopting the "most restrictive" policy of any European country on transatlantic airline services.

The outspoken and tough-minded American Airlines chairman claimed the UK was damaging its own economy by adopting such a restrictive practices to transatlantic flights.

It had also forced American Airlines to acquire at considerable expense route authorities into the UK from other US airlines to expand services to the UK.

"We spent a lot of money on buying the London to Chicago route for one simple reason. UK policy is so restrictive that there was simply no other way to get in," Mr Crandall said yesterday in an interview.

His remarks coincide with the recent collapse of talks between the UK and the US government to revise the existing US-UK air service agreement known as Bermuda 2.

Although government officials had expressed hopes of a breakthrough in the talks at the end of last year, the two countries have so far been unable to resolve the deadlock with the US seeking greater access into Manchester and London and the UK seeking in turn better access for UK airlines in the US domestic market.

Mr Crandall said one of the problems was not just offerring new routes transatlantic routes but better ground facilities for US airlines at London airports. American Airlines flies from Atlanta and Dallas to Gatwick airport, south of London, where it claims it has not been given adequate facilities to compete on the same level playing field as British Airways on transatlantic services.

"Part of the problem is that we can't get access to Heathrow and the bottom line is that every time BA adds a new transatlantic flight out of Heathrow, a US carrier should also be able to add a new flight from Heathrow."

American Airlines has been aggressively expanding its services to Europe in the last few years and is widely regarded as one of the major competitive challenges for large European carriers in the run-up to the creation of the European single market in 1992.

It already operates 509 aircraft and Mr Crandall said yesterday his company's fleet would total 759 aircraft by the end of 1993.

Consumer group criticises safety standards in hotels

By David Churchill, Leisure Industries Correspondent

BRITISH tour operators are still sending holidaymakers to continental hotels which have poor fire safety standards, according to the Consumers' Association.

The association, in the latest issue of Holiday Which? published today, says that inspection of hotels in Greece and Spain found "a depressing parade of locked fire doors, blocked escape routes, unmarked fire-exits and unenclosed stairways."

The association's inspectors visited 22 hotels – half in Corfu, Greece, and half in Torremolinos, Spain – and found that none reached what they believed was the minimum acceptable level of fire safety.

Some 10 out of the 11 Corfu hotels, for example, had fire escape routes cluttered with obstructions or even locked doors. In Torremolinos the inspectors found seven similar cases.

The association acknowledges that some dangers, such as unprotected stairways, would prove costly to put right.

"But our inspectors found needless dangers, like escape routes blocked with bedding, that could be put right immediately," it says.

"This shows a lack of care on the part of hoteliers and tour operators alike."

The association points out that most tour operators have agreed to accept responsibility for injuries caused by negligent hoteliers under new consumer protection guidelines which come into force later this year.

"We hope that when tour operators realise that a fire in these hotels could cost them money, not just lives, they will keep a tighter check on the hotels they contract," it says.

The association would also like to see the European Commission setting agreed safety standards for hotels throughout Europe.

"This would force countries like Spain and Greece to tighten up their fire regulations and inspection procedures," it adds.

Scientist says 60% of poultry bacteria infected

Irradiation to reduce British food poisoning 'dramatically'

By Clay Harris, Consumer Industries Editor

IRRADIATION could bring a dramatic fall in the incidence of food poisoning in the UK because 60 per cent of poultry is now infected with listeria, *salmonella or campylobacter* bacteria, a leading food research scientist said yesterday.

But Prof Bevan Moseley, head of laboratory at the AFRC Institute of Food Research, said he expected the irradiation of food – which is likely to be legalised later this year – to take a generation to win wide acceptance.

"The main reason for introducing it into the UK will be for public health benefits," Prof Moseley told a conference in London on Irradiation and Combination Treatments. The only products for which it could be justified on these grounds, he said, were poultry, shellfish and herbs and spices.

Irradiation involves bombarding food or other materials with gamma rays, X-rays or electrons. It is already used in the UK to sterilise medical instruments and garments and some food packaging.

The Food Safety Bill now before parliament would allow *all food to be irradiated.* The technique, however, has been criticised by organisations including the National Consumer Council and Women's Institutes, who fear it may not be completely safe. A further criticism is that its utility has not been proved. Leading food retailers have also given a cool reception to the idea.

Prof Moseley said although irradiation should not be seen as a substitute for cleaning up the food chain, it was "a way to get rid of very important pathogens very quickly."

The arguments were less compelling for other applications such as prolonging shelf life by inhibiting sprouting and ripening.

"What you need is a good demonstration somewhere that it's effective." Prof Moseley said.

Prof Moseley also said consumers' fears about safety might be allayed by the European Commission's plan for different maximum doses for *individual products rather* than the UK Bill's proposal of a single overall figure. Nevertheless, the European Parliament, which wants irradiation to be limited to herbs and spices, has rejected the Commission's initial draft as too lenient

Irradiation of herbs and spices is the most common application, it replaces a process using ethylene oxide, a gas with mutagenic properties. Very few countries apart from Britain still allow its use.

Mr John Woolston, marketing and technical director of Isotron, a company which already operates five irradiation plants in the UK, agreed that the technique was likely to be used initially only in niche markets.

The conference, organised by IBC Technical Services, continues today.

GUINNESS TRIAL

Roux defends £3.3m fee paid to stockbroker in Distillers bid

By Raymond Hughes, Law Courts Correspondent

THE £3.3m fee that City of London stockbroker Mr Anthony Parnes was paid by Guinness for his contribution to the company's successful bid for the Distillers drinks group was defended by Mr Olivier Roux at the Guinness trial yesterday.

"It was certainly a very large fee, but relative to what was being paid to the merchant banks and other people I thought it was money well earned," Mr Roux said.

It had, he added, been purely a success fee: if the bid had not succeeded Mr Parnes could not have expected anything from Guinness.

Mr Parnes' work as an independent, behind the scenes source of market information had been crucial, Mr Roux said.

Also, he claimed, after the bid succeeded Mr Parnes came up with a "brilliant" idea for buying back Guinness shares which had benefited the company by "hundreds of millions of pounds.".

Mr Roux's comments came after the jury at Southwark Crown Court had been given a breakdown of the £182,193,000 costs of Guinness's £2.7bn takeover battle with Argyll.

Mr Ernest Saunders, former chairman and chief executive of Guinness, Mr Gerald Ronson, chairman of the Heron group, Mr Parnes and Sir Jack Lyons, the millionaire financier, have denied charges arising out of an allegedly unlawful share support operation mounted by Guinness during its bid.

At the heart of the case are indemnities to cover losses sustained by those who bought Guinness shares to support the share price and success fees paid to supporters. The payments totalled £23m.

A central issue is whether those who authorised such payments and those who received them acted dishonestly and criminally.

Yesterday Mr Sherrard, for Mr Ronson, took Mr Roux through a Guinness document listing expenses payable to advisers.

Morgan Grenfell, Guinness's merchant bank, received £60,450,000 on behalf of itself, brokers and sub-underwriters.

Mr Roux said that Morgan Grenfell's share seemed to have been about £16m. He said the firm had felt that, in view of the large underwriting fees, it should not seek further fees.

Barclays Bank and National Westminster Bank each received a £500,000 facility fee in respect of a £700m medium term loan.

Listing fees to Wood Mackenzie, a Guinness stockbroker, had been £35,000, and Hoare Govett, Distillers' stockbroker, had been paid £250,000 for special services over and above dealing commissions.

Legal fees included £1,857,000 to Freshfields, Guinness's solicitors during the bid, £46,000 to Ward, Lazarus, Grow and Cihlar, Mr Tom Ward's Washington law firm, and £204,000 to Sir David Napley's firm, Kingsley Napley.

Cross-examined by Mr Colin Nicholls, QC, for Mr Parnes, Mr Roux said that it had been an essential part of Mr Parnes' services that his activities should not be publicly known.

As Mr Parnes' connection with Guinness had not been known he had been able to get information that other Guinness advisers, such as Cazenove and Wood Mackenzie, could not – they had been fed "imprecise or misleading information," Mr Roux said.

Mr Nicholls asked Mr Roux about lies he has admitted telling at his first interview with Department of Trade and Industry inspectors investigating the takeover.

Mr Roux had said he lied to protect Mr Parnes because Mr Ephraim Margulies, chairman of S&W Berisford, had proposed linking Mr Parnes with Cifco, a company to which a fee to Mr Margulies for his support for Guinness had been paid.

Mr Nicholls suggested that in fact Mr Roux had lied to protect Mr Margulies, who had been attempting to dissociate himself from Cifco.

No, said Mr Roux, he had acted out of loyalty to Mr Parnes.

But, said Mr Nicholls, by then Mr Parnes had been protected by an arrangement between Mr Roux and Mr Margulies under which CIFCO would earn the money it had been paid and Mr Margulies would not deny his connection with CIFCO.

Mr Roux: "In my, at that time, mixed-up mind I was trying to help a friend."

The trial continues today.

Hanson issue converted into shares

By Nikki Tait

DESPITE rumblings from some private investors, the bulk of the huge Hanson convertible loan stock issue was duly converted into ordinary shares on Wednesday.

The stock was issued by the acquisitive British conglomerate as a result of due to its £2.5bn bid for Imperial Group in 1986. It was by far the largest single UK convertible issue, accounting for about 10 per cent of the total UK convertible market.

Hanson announced yesterday that holders of around £965.1m nominal of 10 per cent convertible unsecured loan stock exercised their conversion rights on February 28. This means that 92.44 per cent of the issue has now been converted, and Hanson can oblige remaining stockholders to follow suit.

The possible conversion dates on the loan stock were originally set at February 28 in the years 1990 through to 2007, although the first date was subsequently brought forward by a year.

Some small shareholders had questioned the effect which conversion would have on their income stream; by converting, a shareholder loses the March payment on the convertible stock but has to wait until July to receive his first payment on the ordinary shares. However, despite the timing problem, the annual income advantage had swung to the ordinary shares, making conversion by most shareholders likely.

Hanson's only comment yesterday was that the outcome had been much as it anticipated.

Value of TV in Europe to 'reach £35bn'

By Raymond Snoddy

THE European broadcasting industry in all its forms would grow from a £17bn a year business now to £35bn by the end of the century, a TV consultant said yesterday.

Ms Janice Hughes, a Booz Allen Hamilton consultant told the Financial Times Cable and Satellite Conference in London that films would be the real revenue earners in Europe.

According to Mr Marc Tessier, director general of Canal Plus International, the French pay television channel, the European pay television market, now about 3m subscribers will grow to 7m in 1992 and more than 10m by 1995.

Mr Mark Sena, senior vice-president of Communications Equity Associates said he believed that cable television in the UK could reach the 30 per cent penetration rates needed for viability and that ultimately American levels of success – 50 per cent and more were possible.

Mrs Marialina Marcucci, managing director of Super Channel said, meanwhile, she believed that cable systems would provide Europe with the only real opportunities for social and cultural integration.

Mr Robert Verrue, director of the European Commission's internal market division said the industry was only at the beginning of a process that would lead in the end to a European market for programmes.

Mr Patrick Cox, managing director of NBC Europe argued that properly balanced production partnerships was the way to bring the European programme market to full commercial maturity.

FT LAW REPORTS

UK patent claim loses priority to later European patent application

IN RE KABYSHIKI
Court of Appeal (Lord Justice Dillon, Lord Justice Ralph Gibson and Lord Justice Stuart-Smith): February 21 1990

A UK patent application will fail to satisfy the condition of novelty of invention if anticipated by a European (UK) patent application filed on a later date but deriving its priority date from disclosure of matter in an earlier application making the same claim but containing no enabling disclosure.

The Court of Appeal so held when dismissing an appeal by Asahi Kasei Kogyo Kabyshiki Kaisha, a Japanese company, from Mr Justice Falconer's decision that its UK patent application was anticipated by a European(UK) application filed by another Japanese company.

LORD JUSTICE DILLON said that Kabyshiki, in UK patent application UK 864, made *claims to three chemical compounds.* It claimed priority from April 6 1984.

The Comptroller cited against it European patent application EP 549, made by another Japanese company, Dainippon, and designated for the UK.

EP 549 was applied for on February 26 1985, subsequent to the UK 86 priority date. But it claimed priority from three Japanese patent applications, the earliest of which, Jap 617, claimed priority from March 6 1984.

The area of dispute was described by the Comptroller as being whether the relevant matter in EP 549 was entitled *to its claimed priority date of* March 6 1984.

That was said to depend on whether, for the establishment of a priority date in relation to a product, the priority document had to contain an "enabling disclosure" – that is, did it have to contain sufficient information to enable a man skilled in the art to produce that product.

The Comptroller answered that it did not. He was upheld by Mr Justice Falconer who summed up his decision as being a decision that EP 549 formed part of the state of the art at the UK 864 priority date.

The case was argued on certain *assumptions* of fact. Both parties reserved the right to dispute the assumptions subsequently.

The assumptions were: (1) that the subject matter of the UK 864 claims was matter disclosed in EP 549; (2)that EP 549 adequately described a method of preparing the products of the claims; (3) that the earliest priority document for EP 549 (Jap 617) disclosed the products of the claims but did not describe a method of preparing them – that is, it did not contain an "enabling disclosure"; (4) that UK 864 was entitled to its priority date of April 6 1984.

Section 1 of the Patents Act 1977 provided that a patent might be granted only for a new invention involving an inventive step.

Section 2(1) provided that an invention was new if it did not form part of the "state of the art".

Section 2(2) provided that the "state of the art" comprised "all matter made available to the public" before the priority date. Also, section 2(3) provided that it comprised matter contained in another *patent application published* on or after the priority date if "(a)that matter was contained in the application for that other patent both as filed and published; and (b)the priority date of that matter is earlier than that of the invention."

Section 14(3) provided that the specification of an application must contain an enabling disclosure.

Section 5(1) laid down the general rule that the priority date of an invention and of any matter contained in the patent application was the date of filing the application.

Section 5(2)(a) and (b) provided that where an earlier application disclosed matter *which supported the invention* or matter which was contained in the patent application, the priority date was the date of filing the earlier application.

Section 5 applied to applications for European patents designated for the UK (see section 78).

For the purposes of section 2(3) and section 5, in relation to UK 864, EP 549 was to be treated as a UK application , having the priority to which it was entitled under the European Patent Convention.

The priority which EP 549 derived from Jap 617 was limited to the claims in Jap 617 and did not extend to the enabling disclosure in EP 549 (see article 88(3) and (4) of the Convention).

The question was whether Jap 617 conferred any effective priority which could operate by way of anticipation of UK 864, as Jap 617 only contained the relevant claims without an enabling disclosure.

Mr Justice Falconer founded his judgment on section 130(3) which provided that matter was "disclosed" in an application within the meaning of section 5 or in the specification of a patent, if it was "either claimed or disclosed . . . in that application or specification."

What was in issue was whether UK 864 was anticipated by matter contained in EP 549 and disclosed in Jap 617, and was therefore not novel under section 2(3).

In *Genentech [1989] RPC 613* Mr Justice Falconer founded himself on the view that to constitute anticipation of a claim to a new product, disclosure in a prior document must be an enabling disclosure.

He rejected Mr Justice Lloyd-Jacob's decision in *GKI's application [1958] RPC 51 that a* claim to a chemical compound had been anticipated and so was not novel, because in a prior published document there had been a clear statement without enabling information that the same compound had already been made.

Under both the Act and the Convention a patent application might be filed without the enabling disclosure (see section 15 and article 80). The application would take its priority from the original date of filing, provided the deficiencies were made good within 12 months. The application could not, however, be published until amended to include *claims.*

The date of filing a patent application which gave it priority under section 5(1), might be a date at which, under section 15 (1), the specification was incomplete and did not include an enabling disclosure.

The principle that there could be no anticipation by a document which did not contain an enabling disclosure was irreconcilable with the policy of section 15.

If a patent application could claim the filing date as its priority date though the application was incomplete at date of filing, and if under section 2(3) the content of that application *subsequently published* became part of the state of the art at priority date, it was impossible to imply into "making available to the public" in section 2(2), or publication in section 2(3), or disclosure in section 5(2)(a) or (b), any requirement that the anticipating document must contain an enabling disclosure.

If that were right, the view expressed by Mr Justice Lloyd-Jacob in *GKI's application* must also be right.

If there was a clear statement, albeit without enabling information, in a prior published document, that a certain chemical compound existed, that compound could not be novel – though particular ways of making it and the compound as made by those ways might still be novel.

If no such implication was permissible, the route Mr Justice Falconer took in the present case in reliance on section 130(3), became valid and permissible.

GKI's application and Mr Justice Falconer's decision under appeal were correct. The judgment in *Genentech* was wrong.

The appeal was dismissed.

On the agreed assumptions the matters claimed in Jap 617 were part of the state of the art at the priority date of UK 864 and anticipated UK 864, though Jap 617 did not contain any enabling disclosure.

Lord Justice Ralph Gibson and Lord Justice Stuart-Smith agreed.

For Kabyshiki: Simon Thorley QC (D Martin & Co).
For the Comptroller: Nicholas Pumphrey (Treasury Solicitor).

Rachel Davies
Barrister

Malcolm Wheatley and David Waller consider the implications of accounting systems that no longer reflect corporate economic reality

When the Big Order is too big a bite

By Malcolm Wheatley

Periodically, a madness seizes companies. It descends without warning upon its helpless victims, who are without either cure or palliatives. They can only wait for it to go away, and then soldier on gamely until the next attack of this dreadful and sometimes fatal ailment. The name of this corporate insanity? The Large Order Syndrome.

Company A is a typical victim. It is a stockist of non-ferrous fasteners and consumables for the engineering industry, occupying a very profitable market niche in supplying those small quantities of highly specialised bits and pieces that no one else seems to stock.

Its products typically represent only a fraction of the cost of the final item for which they are ultimately destined, and their customers are usually desperate for them – so margins are high. Clearly, a nice business.

Things have started to go wrong, though; the company has recently been winning quite a few large orders. The margins are of course a lot lower, but on the other hand the order quantities are vastly greater: typically hundreds where usually only dozens would be sold.

Good news, surely, it might be thought. But no, not in this case, at least.

The trouble is that orders of this quantity immediately exhaust the stocks. The entire stock of an item goes all at once, at a much lower margin than usual, leaving the shelves bare when the bread-and-butter higher-margin customers come along with their orders.

Company A's only option is to pay through the nose for air-freighted imports – or rushed manufacturing orders – to get the stock replenished somehow.

The problem is that these larger orders are far too erratic to be forecastable (and so be treated as additional to the normal order-book); they simply represent an opportunity for the firm to shoot itself in the foot – an opportunity that it takes, time after time.

Adding insult to injury, the company's commission system ensures that the salesman who wins the order gets an extra bonus for pulling the trigger.

Company B is another typical victim. A manufacturer of electrical components, it turns over about £30m a year making a variety of fairly standard products in medium-sized production runs. Its management, too, pursues the "lure of the large order".

However, when it catches one, things rapidly start to go wrong. The order has usually been taken on a tight delivery, and is at lower than usual margins. It can rarely be fitted in with the normal mix of work, and so requires lots of overtime. This invariably reduces margins even further.

But the extra costs don't stop with just overtime payments. For when an order like this comes along, management invariably takes its eye off the ball, focusing it on this one order to the exclusion of all else.

The endeavours of the whole management team are concentrated upon satisfying a one-off customer who is almost certainly opportunistically shopping around anyway. Dozens of orders for bread-and-butter customers become overdue; delivery times lengthen; important decisions get delayed and output suffers.

All in all, a far from satisfactory state of affairs. But the madness eventually passes. The end of the order is reached, and production starts to return to normal.

But first there are a few angry customers to soothe – and perhaps a small price discount to keep a few of them from going elsewhere. And of course there's that unexpected dip in the profits to explain – what a good job we had that large order, then, they say . . .

So why do companies act this way? First, of course, there's obviously a fairly clear failure of strategy. If you're in the business of making small to medium-sized orders, it's an obvious fallacy to think that you can bite off substantial lumps of extra volume without the occasional hiccup.

But the problem is more insidious than simply a failure to think through the issues; the strategic guidelines that are used to review these issues may themselves be flawed.

Companies seem to trip over two distinct problem areas. The first of these is the way that companies' information systems report the costs of large orders. It is now fairly widely accepted that conventional cost accounting distorts management's view of business through unrepresentative overhead allocation and inappropriate product costing.

This is because the traditional approach usually absorbs overhead costs across products and orders solely on the basis of the direct labour involved in their manufacture.

And as direct labour as a proportion of total manufacturing cost continues to fall, this leads to more and more distortion and misrepresentation of the impact of particular products on total overhead costs.

Accountancy academics such as Harvard Business School's Robert Kaplan are spearheading the use of the concept of "cost drivers" as an alternative to this. The idea is to identify which particular activities actually build up to a company's overhead cost in the first place.

These can then be loaded onto individual products on the basis of the product characteristics – or "drivers" – which initiate these activities.

An example of the approach is its treatment of materials-handling costs – which includes the cost of production planning, purchasing, after-sales spare parts and warehousing as well as the more traditional internal works transport costs.

What actually drives these activities is the actual number of parts that the company is handling.

So if a company treats "the number of parts in each product" as a cost driver, it develops a mechanism for loading materials-handling overhead costs on to individual products in proportion to the extent to which they contribute to it.

In a sense, the approach is simply a mechanism for making what were previously regarded as fixed costs into variable ones.

Such an approach clearly offers one way of looking at the large order problem; managements simply need to identify the cost drivers that reflect the disruption that large orders really incur.

But companies need also to recognise that these cost drivers will almost certainly be multiple ones; it is too simplistic to expect a single cost-driver to reflect fully the organisational chaos and opportunity costs that large orders invariably entail.

Although the exercise may be a complex one, the effort put into identifying these drivers should pay off handsomely.

For the next time that the siren's song of the large order is heard, managements will be able to simulate its effect on a computer spreadsheet, comparing the price that is on offer with the real costs that will be incurred if the order is taken.

The second problem area is more fundamental. For should small or medium-sized companies actually chase after large orders in the first place? Because even if the costs are acceptable, the risks might not be. The larger an order, the greater its impact on the business should anything go wrong.

And "going wrong" can be very broadly defined. An unusually large gap between orders, a technical problem, or (perish the thought) an error in the costings; all these problems – and their associated risks – are magnified out of all proportion in the case of large orders.

A steady stream of small orders is invariably both simpler and safer. It can also be far more profitable – especially when a company is geared up for it and positions itself appropriately for this market niche.

But this perhaps points to the real problem: management's ego. For there is a whole "bigger is better" ethos that requires overturning if companies are deliberately to turn away large orders – or at least to insist on a price premium for them that fully reflects the disruption that they cause.

And for the managements currently craving them with all the fervour of an addict in search of a fix, that may well prove harder to swallow than the orders themselves.

Malcolm Wheatley is a management consultant with Price Waterhouse in Bristol.

Costs in their proper place

The peanut butter approach to accounting is not a technique widely familiar to the UK's financial executives. And yet, according to Professor Robert Kaplan of Harvard University, if businesses do not become aware of the dangers of this strangely named type of accounting, they risk making the wrong decisions and losing out to the competition.

Kaplan is the co-author of a seminal work on management accountancy. Unlike most tracts on this subject, Kaplan's book, Relevance Lost, is surprisingly readable and makes a compelling case that conventional accounting techniques are ill-equipped to deal with modern manufacturing.

Kaplan pointed out, both in the book and in many articles before and after its 1987 publication, that the modern factory environment was different from its equivalent only a decade ago. Automation had replaced labour in the move to so-called world-class manufacturing. CAD-CAM and just-in-time production. But the way of accounting for a manufacturing business had not moved on in a century.

Thus managers made important decisions about pricing and product mix with reference to figures which bore no resemblance to the true economics of making a batch of widgets or a custom-built motor. Costs were apportioned to the products on the traditional basis of labour hours – an inappropriate approach given the automated environment and, Kaplan argued, equivalent to a random spreading of costs across the portfolio of products – the peanut-butter approach.

In the last chapter of his book, Kaplan and his co-author offered some solutions. Managers should pay more attention to non-financial criteria when making their decisions, they argued. And they should scrutinise the precise make-up of the costs involved in opting to manufacture one product rather than another, abandoning the traditional accountant's distinctions between fixed costs and variable costs, between direct and indirect costs.

Kaplan was one of the early exponents of so-called activity-based costing (ABC). Under this approach, managers strive to spot "cost-drivers", ie the factors influencing the costs of the product.

The philosophy of ABC proved alluring, especially to the consultancy firms alert to a good marketing opportunity. But although most of the big accountancy firms have in recent years taken on squads of ABC consultants, it has always been very difficult to tease out any example of ABC being used in practice. The argument against identifying clients is usually that they are doing so well out of ABC that competitors should not be allowed to find out.

Vulnerable to competition

Kaplan himself obligingly provided some examples early this year at a seminar given at the London offices of KPMG Peat Marwick McLintock, a firm with which he is a part-time consultant.

Siemens Electric Motor Works (EMW) was in danger of falling victim to the peanut-butter problem, Kaplan explained. The difficulties arose in the early 1980s when the West German company felt itself vulnerable to an influx of competition from East Germany, where labour costs were cheaper. Siemens' response was to invest in new manufacturing technology, with the aim of concentrating on making customised motors rather than the standard motors which could be made more cheaply in the East.

The change in business direction led to a surge in the number of orders, and a dramatic reduction in the number of motors supplied with each order. But the accounting system had not been changed to reflect the new business reality. "The costs of supporting the orders – the overheads – were smeared indiscriminately across the whole spectrum of cost centres," Kaplan recalls. "As a result, it was impossible for the company to tell which orders were profitable, and which were not."

The company investigated the way in which the overheads, amounting to 35 per cent of total manufacturing costs, were built up. It found that the costs of shipping, handling and processing orders did not vary with the number of motors produced. But, EMW discovered, some 7 per cent of the total cost was driven by two variables: the number of special components required to customise a standard motor (irrespective of the volume of each type of special component), and the number of orders.

The accounting system was redesigned so that the amount of overhead allocated to each product was directly tied to both the number of motors and the number of special parts going into each motor. Costing thus became sensitive to the degree of customisation and EMW was able to take sensible decisions about which order to accept. It became much more selective, accepting only DM450m of orders out of DM1bn worth placed during 1987.

Kaplan furnished two other examples. One was John Deere Component Works, part of the US farm equipment manufacturer, which found its traditional costing systems inadequate when it updated its factories in response to competitive pressures.

The company knew the cost of making its products in aggregate, but under the old accounting system was unable to work out the costs of making individual products, thus making it difficult to make sensible pricing decisions. Moreover, the company changed its system so that only 59 per cent of overheads were allocated on the basis of volume, against 100 per cent before the review. The new pricing system was much more accurate, reflecting the 41 per cent of costs which were driven by variables other than volume, like set-up hours, direct labour support and materials handling.

The second was that of Kanthal, a Swedish heating wire company. The cost review enabled the company to "disaggregate" its overheads, showing management that it was in fact losing money from its biggest customers, when it thought it had been making money. As a result, the company was able to negotiate selective price increases in the case of some product lines, and withdraw altogether from supplying others.

**Relevance lost: the decline and fall of management accounting, by H Thomas Johnson and Robert S Kaplan, Harvard Business School Press.*

David Waller

Beaming in on horizons beyond the roof-tops

Hugh Carnegy reports on the latest Israeli advances in turning sunlight into energy

"EVERY 48 minutes as much energy strikes the earth in the form of solar radiation as is used in an entire year by all consumers world-wide."

That sounds like the kind of fascinating-but-useless information you might read in the *"Did you know?"* column of a newspaper short of news. In fact, it is taken from material published by Israel's Weizmann Institute, a serious and renowned scientific establishment. Far from being a throwaway line, it is the starting point for one of the world's leading solar energy research programmes.

The Weizmann Institute, in Rehovot, a little south of Tel Aviv, has had a solar programme for years. But a combination of a big new experimental facility and mounting world-wide concern over the environmental dangers of fossil fuel consumption have given greater depth and urgency to its work.

Professor Israel Dostrovsky, head of the Institute's Energy Centre, believes his team is making significant progress. He cautions against expectations of swift leaps to large-scale, economic solar power generation units. Yet the experiments going on in the 15-storey solar tower, opened last year, are a long way from the roof-top water-heating panels many laymen associate with solar energy.

There are three main thrusts to the solar work over which Dostrovsky presides. One is to improve the hitherto disappointing efficiency of converting solar energy into electricity. The second is to develop a way of converting it into chemical forms of energy.

Both address the inherent problems of sunlight: how to store it for use when it is not shining and how to transport it to places where it does not shine much at any time.

The third – and most ambitious – attempt is to convert solar light into laser light for creating non-heat energy, such as photochemistry, and for space applications, which include communication and power transmission between satellites.

These projects are housed in four experimental stations stacked above each other in the new tower, facing a field of 64 computer-controlled mirrors which provide concentrated solar light up to 3,000 kw in strength. The new facilities greatly extend the capability provided by the older seven-metre-diameter solar furnace, which produces 20 kw of radiation.

Two of the four new stations are devoted to electricity generation. One is attempting to refine the already established, but not too efficient, use of solar-heated steam turbines. The second will test the feasibility of driving a gas turbine by solar heat instead of petroleum fuel.

There is a deceptively Heath Robinson look to the gas turbine equipment. A one-metre-square mirror concentrates the beam from the mirror field below into a heat box housing 80 ceramic pipes through which the compressed air will run. A tangle of pipes leads to an old helicopter gas turbine, which is in turn coupled to a 250 kw generator.

"The trick is not the turbine," says Dostrovsky, "the trick is to be able to heat the air up to high temperatures."

While that experiment is in its early stages, work is much further advanced on producing storable, transportable chemical energy from the sun. "All fossil fuels are produced by nature storing (the sun's) energy in a chemical form. But can we do it not over millions of years but in seconds?" The professor doesn't hesitate. "The answer is that we can."

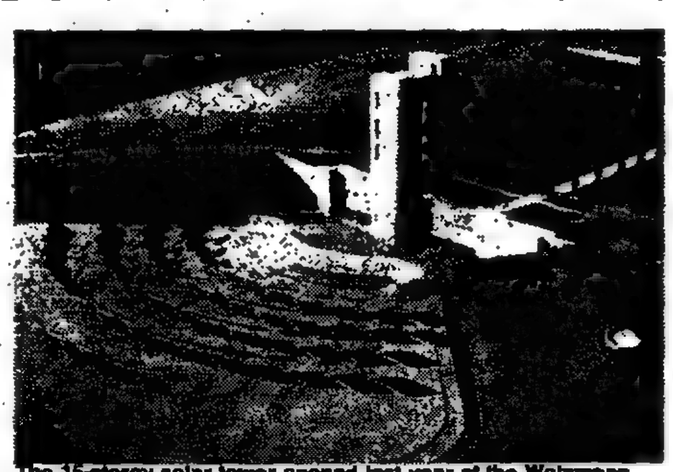
The ideal material to produce would be hydrogen, but Dostrovsky says the very high temperatures required – more than 2,000 deg C – to make hydrogen from water and sunlight make the process very difficult.

Instead the institute is concentrating on a process whereby synthesis gas – a mixture of hydrogen and carbon monoxide - is made by combining methane and carbon dioxide using solar energy. "It turns out you can make such a mix at much lower temperatures – about 1,000 deg C – using existing technology," he says.

The key to the process is perfecting the reactor in which the synthesis gas is produced. Once it has been made, it can be stored and transported easily. It can then be burnt to extract heat and the original methane and CO2 can be reclaimed for starting the process over again.

The institute has achieved results on a scale of 10 kw. It is about to start tests at a level of 400 kw in the new tower.

This is still a long way short of proving large-scale feasibility or commercial viability.



The 15-storey solar tower opened last year at the Weizmann institute, near Tel Aviv. The tower faces a field of 64 computer-controlled mirrors which provide concentrated solar light up to 3,000 kw in strength

But the solar energy team hopes that if it can achieve successful results from the 400 kw tests, governments and utilities may take up and extend the work.

The third focus, as Prof illustrates by gesturing outside at "all that green stuff," springs from the possibility of harnessing and improving in efficiency the photochemical process. The outcome here depends on being able to turn sunlight into laser light, which already has proven industrial photochemical applications but is expensive to produce by other means. To do so requires converting the broad spectrum of sunlight into a concentrated monochromatic laser beam.

Without giving away exactly how it is done, the institute says it has achieved the conversion producing continuous laser power on the scale of a few hundred watts. "If we can scale it up and make a multi-kilowatt model, then we would have a breakthrough," Dostrovsky says.

The professor stresses the long-term nature of the Weizmann solar programmes and the fact that the institute is not equipped to test economic-scale models. But he says its work is matched only by a small number of projects elsewhere, notably in the US and West Germany.

As he sees it, the problems of tapping solar energy as a replacement for diminishing and environmentally damaging fossil fuels are not technological. "The reason the sun is so little used today is the lack of work done on it. It has been almost zero."

Tunnel machine puts seal on fissured chalk

Imagine having a machine 260 metres long, making it burrow through a subterranean version of the White Cliffs of Dover, only to find it hampered by a serious change of conditions.

This was the problem faced by Transmanche Link (TML), the contractor building the Channel Tunnel. TML found the tunnels probing out towards France had entered a zone of wet, fissured chalk, after boring through homogenous, dry chalk.

Corrosive salt water was dripping on to the boring machine's electronic controls and steel body, and on to the conveyor belt delivering material for the concrete lining and taking away spoil. The machine, 260 m long in all, is described by Colin Kirkland, technical director of Eurotunnel, as "a process plant for the creation of the tunnel."

Kirkland says the machine ran into chalk that was full of tiny fissures. This caused the chalk between the cutter and the tunnel-lining equipment to fall out.

As the concrete lining could not be applied satisfactorily to the crumbled wall, tunnelling had to stop for two weeks while the machine was modified. The problem was to seal the chalk while holding the walls in place.

The modification, carried out by TML with the machine's maker, Markham, of Chesterfield, involved erecting a platform between the boring machine and the lining equipment. Engineers stand on the platform to inject liquid cement grout into the fissured chalk to seal it. To assist them, there is equipment for mixing and pumping the cement.

A "trailing shield", or thin steel hood, was erected to keep the loose chalk in place until the grout had been injected. Grouting is not new, but it was previously applied 100 m behind the lining process. Because the designers of the machine had not anticipated wet, fissured chalk, they had thought there was no need to apply the grout immediately after the chalk had been exposed by the cutter.

The modifications have doubled the boring rate from England towards France. More than 4 km were bored by the British tunnellers in the six weeks from January 8. This compares with just 2 km in the six weeks to November 5.

The much wetter and more fractured French side is being worked by machines from Robbins, of the US, and Mitsubishi and Kawasaki, of Japan. These are designed like "boring submarines to cope with the virtual monsoon conditions," says Kirkland.

About 40 per cent of the three tunnels, one service and two rail, has been completed. The service tunnel is expected to be finished by December.

Lynton McLain

Peat bogs clear the air near Ireland's sacred mountain

There was a time when obnoxious odours emitted from factories were tolerated as part of the price of progress. But not any more.

Nasty smells, as much as dirty water or belching smokestacks, are now recognised as an environmental enemy. When BP built a factory in the west of Ireland, producing feed for the country's fast expanding fish farming industry, the company had to tackle a smelly problem. The manufacture of fish feed produces an exceptionally pungent, unpleasant odour.

The BP factory is in an area of exceptional tourist interest. The plant is perched on the edge of Clew Bay, in County Mayo. Croagh Patrick, Ireland's sacred mountain, is close by. The town of Westport, a favourite tourist destination, is only a mile away.

Westport wanted the new industry but it certainly did not want a permanently fishy smell.

The answer to the problem was found nearby, in Ireland's peat bogs.

BP has installed a bed of peat and heather, the size of a football pitch, at the back of its factory. Odours are blown through the peat bed. Micro-organisms within it then go to work, eating away at the fishy extract. The result is clean air, unoffensive to the nostrils.

Bord na Mona, the state-owned Irish peat company, has perfected this peat filtration system. As well as the installation at BP, it also has a peat bed operating at a liquid waste treatment plant in Cork.

"The idea of filtering air through compost or old rubbish is not new," says Richard Berney of Bord na Mona's development division. "But the beauty of this system is that the peat and heather mixture does not bed down or decay. It just keeps going and has an almost infinite life span."

Both Finland and the Soviet Union have developed similar peat filtration systems. But Bord na Mona says that Ireland has an advantage in that it has large supplies of precious peat fibre, a vital ingredient in the mix of the peat bed. "The fibre is present only in certain peat bogs," says Berney.

Bord na Mona produces more than 5m tonnes of milled peat each year and it has developed various processes for separating fibres from peat.

The fibre is then mixed with heather to form the filtration bed. "The mix must be not be too light because the bugs which are already present in the fibres will not work efficiently. On the other hand, if it is too heavy the air and smells cannot penetrate and the filtration process breaks down," says Berney.

BP, the world's largest manufacturer of feed for fish farming, is impressed with the process. Its Westport plant is capable of producing 80,000 tons of fish food each year. The gases from the manufacturing process are fed through two large dust filters and then into a humidifying tower. Fans blow the moistened air into the peat bed.

"The filtration bed handles everything we throw at it," says Sean Murphy, general manager at the Westport plant.

The cost of the peat bed and its associated filtration system is about I£750,000 (£700,000) out of the plant's total cost of I£5m.

"Once the system is in place there should be no more capital investment," says Murphy. Bord na Mona feels the peat filtration system is superior to other processes for "scrubbing" or cleaning air from industrial processing. Most other systems use chemicals, which in turn cause problems of liquid discharge and polluting effluents.

Peat filtration can be applied to various processes, from meat plants to breweries, from sewage works to the production of PVC foil. Bord na Mona has built a mobile testing unit so that manufacturers can assess the size of peat bed needed for their operation.

It is also developing other applications for its peat filtration beds. One system, for use with septic tanks, utilises a bed of peat seeded with fungus. Effluent passes through the bed and emerges clean.

Another development is a peat and heather cartridge or bale which can be fitted into air conditioning systems in hotels or other buildings. It is hoped that the bales will be capable of eliminating smells without having recourse to chemicals.

But all these systems are delicate and must not be abused. If certain chemicals are suddenly washed through the system, or great volumes of air pumped through it, then the organisms that do the essential work of eating the smells go into shock. The result is that the bed dies – and the obnoxious odours return.

Kieran Cooke

ROVER 214 Si.

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ARTS

Arts Week

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OPERA AND BALLET

London

Royal Opera, Covent Garden. The long-awaited new production of Strauss's *Elektra*, the first in London for four decades, is by Götz Friedrich, conducted by Georg Solti. Eva Marton leads a cast which also includes Marjana Lipovsek, Nadine Secinde, Robert Hale, and Robert Tear. Final performances of *Don Pasquale*, with Eric Garrett, Katheen Battle, William Shimell and Raul Gimenez.

Paris

Théâtre des Champs Elysées. Borodine's *Le Prince Igor* in a new production by Warsaw's Teatr Wielki (47203637). **Opéra Comique.** Mozart's *Idomenee* performed by the Orchestra d'Auvergne conducted by Jean-Jacques Kantorow (42600499).

Amsterdam

The National Ballet with *Swan Lake* choreographed by Rudi van Dantzig and Toer van Schayk after Petipa and Ivanov (Sun matinee). The Residents in *The King and Eye*, a cool look at Elvis Presley (Tue). Nederlands Dans Theater with *Gamla Barn*, a new ballet by Mats Ek to music by Arvo Pärt (Thur). Muziektheater (255 455). Polish State Opera of Bydgoszcz present *La Traviata*. Circustheater (55 86 00).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in Mozart's *Il Seraglio* co-produced with the Wiener Festwochen/Vienna State Opera. Staged by Ursel and Karl-Ernst Herrmann, conducted by Emil Tchakarov with Kurt Streit, Elzbieta Szmytka and Aga Winska (Sat, Mon, Thur). Cirque Royal. The Ballet de Monte Carlo in *The Leaves are Fading* choreographed by Anthony Tudor and Gaiete Parisienne choreographed by Leonide Massine (Thur).

Antwerp

Koninklijke Vlaamse Opera. The Royal Flanders Opera and Chorus with the Cantate Domino Children's Chorus in *Glas im Kopf wird vom Glas* by Jan Fabre and Eugeniusz Knapik. Conducted by Philippe Cambreling (Wed).

Vienna

Staatsoper. *Andrea Chenier* by Giordano, *Werther* by Massenet, *Eugen Onegin* by Tchaikovsky. Ballet: *La Sylphide* by Lovenskjold, choreographed by Peter Schaufuss. Volksoper. *Die Lustige Witwe*, *Der Bettelstudent*, *Das Land des Lächelns*, *Kiss me Kate*, *Tiefland*, Handel's *Giustino* and *La Bohème*.

Milan

Teatro Alla Scala. Wagner's *Die Meistersinger*, energeticallyconducted by Wolfgang Sawallisch, with a fine cast led by Nancy Gustafsen, Benn Heppner and Bernd Weikl (alternating with Manfred Schenk), and the Prague Philharmonic Choir. The total effect is slightly spoilt by a confused production with unsuitably infantile sets (80.91.26).

Rome

Teatro dell'Opera. Scheduled performance of Strauss's *Ariadne auf Naxos* will not take place due to strikes (46.17.55).

Parma

Teatro Regio. Verdi's *Ernani* in Clande d'Anne's production, conducted by Hubert Soudant is fourth major production here this season. An excellent cast led by Chris Merritt, Renato Bruson and Leona Mitchell (795678).

Bologna

Teatro Comunale. Pier'alli's production of Wagner's *Siegfried* conducted by Peter Schneider, with Hildegard Behrens, Siegfried Jerusalem and Kurt Rydl (529999).

Berlin

Opera. Die Hochzeit des Figaro in Götz Friedrich's production features Julia Varady, Catherine Malfitano, Patricia Johnson, Bengt Margny and Manfred Roehrl. Mara Zampieri repeats her much praised performance in the title role in *Das Mädchen aus dem goldenen Westen*. Also a co-production with the Lausanne ballet company with a premiere, choreographed by Maurice Bejart, danced to music by Wagner *(Autour du Ring)*. Janacek's rarely played *Die Sache Makropulos* rounds off the programme.

Hamburg

Opera. The first successful Hamburg *Lady Mcbeth von Mzenskproduction*, by Juri Ljubimow, has a strong cast led by Olivia Stapp, Jan Blinkhof, David Griffith and Hubert Bischof. *Tosca* is sung by Galina Savova in the title role, Luis Lima (Cavaradossi) and Juan Pons (Scarpia). *Die Hamletmaschine*, by Wolfgang Rihm returns with Christian Bossert, Wolfgang Trautwein, Richard Salter and Linda Plech. *Matthäus Passion* is choreographed by John Neumeier and danced to music by Bach.

Frankfurt

Opera. The successful *La Clemenza di Tito* production ofthe Lievi brothers returns with a first-rate cast led by Helena Dosse, Alicia Nafe, Vinson Cole and Margit Neubauer. *Die Nase*, well produced by Johannes Schaaf, has fine interpretations by Ilse Gramatzki, Alan Titus, Dieter Bundschuh and Bodo Schwanbeck. Further performances of *Iphigenie en Tauride*, conducted by Gary Bertini.

Cologne

Opera. *Salome*, excellently conducted by James Conlon, is sung by Stephanie Sundine, Andrea Andonian, Monte Pederson, Marta Szirmay and Guenter Neumann.

Bonn

Opera. Jean-Claude Riber's curious *Macbeth* production, superbly conducted by Gianfranco Masini, features a splendid cast of principals: Elisabeth Connell, Eduard Tumagian and Francesco Ellero d'Artegna. Also offered *Der Barbier von Sevilla*.

Munich

Opera. *Fidelio* features Sabine Hass, Annegeer Stumphius, Theo Adam, Spas Wenkoff and Martti Salminen. *Arabella* is sung by Lucia Popp, Julie Kaufmann, Cornelia Wulkopf, Alfred Kuhn and Gertrude Jahn. *Le Nozze di Figaro* and *Der Freischütz* are also offered.

Metropolitan Opera. Carlos Kleiber conducts the season's premiere of Franco Zeffirelli's production of *Otello* with Katia Ricciarelli as Desdemona, Placido Domingo as Otello and Barry McCauley as Cassio. Performances continue of James Levine conducting *Die Entführung aus dem Serail* in John Dexter's production with Mariella Devia, Barbara Kilduff and Gosta Winbergh. Gian Carlo Menotti's production of *Manon Lescaut* conducted by Thomas Fulton features Mirella Freni, Peter Dvorsky and Italo Tajo. Charles Dutoit conducts the last seasonal performances of Nathaniel Merrill's production of *Samson et Dalila* with Shirley Verrett, Placido Domingo and Simon Estes. Harold Prince's production of *Faust*, conducted by Charles Dutoit, continues with Ashley Putnam as Marguerite, Delores Ziegler as Siebel, Francisco Araiza as Faust and James Morris as Mephistopheles. Lincoln Center Opera House (362 6000).

Washington

Washington Opera. Zack Brown's production of *Die Fledermaus*, conducted by John Lanchbery, includes Pamela Coburn as Rosalinda, Tracy Dahl as Adele and Robert Orth as Gabriel von Eisenstein. *Aida* continues with Aprile Millo as Aida, Stefania Taczyska as Amneris and Vladimir Popov as Radames. (467 4600).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Final performances by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs. Tom Conti takes over on March 5 (437 2663).

A Little Night Music (Piccadilly). Fine revival by Ian Judge, imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. (Janet Suzman and Sara Kestelman are electrifying in support867 1116).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

The Sound of Music (New York State). The New York City Opera performs the Trapp Family saga starring Debby Boone as Maria and Laurence Guittard as Captain von Trapp. Ends April 22.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s. (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Stardust (Eisenhower). Betty Buckley stars in a new musical compendium featuring the music of Glenn Miller, Duke Ellington, Hoagy Carmichael among others. Ends March 25. (467 4600).

Chicago

'Tis Pity She's a Whore (Goodman). Jo Anne Akalaitis of the Mabou Mines troupe directs John Ford's classic about incest, set here in Italy of the 1930s, starring Lauren Tom as Annabella. Ends April 7. (443 3800).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life in a busy hairdressing establishment (988 9000).

I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. At the National Theatre Tengenjaya Mura is an action-packed low-life drama about a serving man who turns to drink and crime (265 7411). At Kabuki-za there are two mixed programmes at 11am and 4.30pm, starring mainly younger actors, including the famous Onnagata Tamasaburo. One oddity is a modern kabuki play written by Yukio Mishima. Both theatres have excellent earphone guides in English as well as English-language programmes. (541 3131).

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the the most recent of modern international art. It is a curatorial triumph.

The Barbican. Scottish Art Since 1900 — a brisk and effective celebration of what has always been a most vigorous and distinctive national school, yet one which has for far too long been not so much under-rated as underknown in the southern Kingdom. There are still gaps and over-rapid transitions, but the show nevertheless makes its point very well. Daily until April 16; sponsored by Flemings.

Paris

Grand Palais. Soliman Le Magnifique. A treasure trove of goldsmiths' work, miniatures, ceramics and textiles recalls the splendour of the reign of Soliman "the shadow of god on earth", whose Ottoman Empire stretched in the 16th century from the Caucasus to the gates of Vienna and from Algeria to the Persian Gulf. Deep blue, red and green, patterned with gold shines from a portrait of Soliman. Arabesques wind and unwind in manuscripts, flower motifs combine with peacocks and dragons on blue, white and turquois plates and dishes. Closed Tue, Wed late closing, ends May 14 (42895410).

Musee d'Orsay. The Fragmented Body. Parts of the human body, or the incomplete body form the leading strand of an exhibition beginning with ex-votos and reliquaries and culminating ina celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814).

Musee Carnavalet. Antique bronzes. Some 400 statuettes bring tolife the Gallo-Roman world up to the 5th century. They aregrouped in glass-cases around a divinity surrounded by objectsof the appropriate cult. Closed Mon, ends July 1 (42722113).

Brussels

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March.

Antwerp

Koninklijk Museum voor Schone Kunsten. Belgian Painters of Country Life. Closed Monday, ends April 22.

Venice

Palazzo Grassi. Andy Warhol Retrospective. 250 works from the major exhibition organised by Kynaston McShine for the Moma in New York last spring, to which have been added about a dozen from private Italian collections. The show has since toured Chicago, London and Cologne, to end its tour at the Beaubourg in Paris this summer. Opening with Dick Tracy (1960) and closing with Warhol's version of Leonardo's Last Supper, done shortly before his death in 1987, the exhibition concentrates on the early works, 1960-1967, and the famous Marilyn, Liz, and Coca-Cola series are shown to excellent effect in a particularly skilful layout by Gae Aulenti, in collaboration with Pontus Hulten. Until May 27.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1938-1983, the larger of which are seen to excellent effect in the courtyard of the 15th century castle, while the smaller bronzes, preparatory studies and drawings are shown inside, in the beautifully lit Sala Viscontea. Ends March 25.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1958 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogs and Multitudes. Ends March 19.

Barcelona

Palacio Tinel. Baroque Painting in the Mediterranean. The Italo-Spanish festival brings together sixty 17th Century works belonging to Spain and Italy. Velazquez, Murillo, Rubens, Van Dyck, Claudio Coello, Testa, Cavallino are but some of the great artists whose works can be admired. Ends March 30.

Mainz

Landesmuseum. Marc Chagall (1889-1985), who died in 1985 was one of the most polular artists of the 20th century. Around 108 of this works, not shown in public before are to be only seen in Mainz until April 22. The gouaches, water-colours, pastels and paintings present themes of the old testament.

Vienna

Kunstsforum. Works by the Romantics, ranging from Caspar David Friedrich to Adolph Menzel.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Chicago

Chicago Historical Society. The *Land of Lincoln* does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementoes and personal effects of the Great Emancipator.

Art Institute. Yoruba art covering 900 years is the subject of this ambitious exhibition, which traces the Nigerian tribe's views of the origins of the universe in the 12th century to the carvings of contemporary artist Olowe of Ise. Ends April 1.

Tokyo

Suntory Museum. Mission to Rome. In the early 17th century a feudal lord from northern Japan despatched a mission to the Pope asking Christian missionaries to come to Japan. This fascinating exhibition documents the failure of the delegation and the subsequent ban on Christianity that was to last over 200 years. Ends March 11.

Teien Museum. German Romantics. Loan exhibition from Dusseldorf — stronger on mid-19th century academic painters than on visionaries such as Friedrich and Bocklin. This museum is a former palace and has a superb art deco interior and a pleasant garden for strolling in. Closed Wednesday.

ARTS

Peer Gynt

OLIVIER THEATRE

The business of bringing this fine dramatic poem to life on stage is an uphill struggle reminiscent of Peer's own Herculean sprint through the Nordic fiords: there are times when Ibsen's descriptive loading hangs around the neck of the intrepid director almost as weightily and truculently as Peer's protesting mother over the shoulders of her son.

In Declan Donnellan, the National has found a director who keeps up with Ibsen's imaginative stride so easily as to be in danger of overreaching it. His partnership with designer Nick Ormerod, his co-founder of Cheek by Jowl, is characterised by precisely the sort of fantastic exuberance that Ibsen's epic demands, provided one accepts its author's own insistence that it is at root a fantasy rather than a satire. But by the end the sheer relentless energy Donnellan brings to his company and the play begins to weigh heavy on the concentration.

The casting of two separate Peers – David Morrissey as the excitable young Northerner of the first three acts and Stephen Moore as his older, smoother, though little wiser, self – makes no bones about the discrete nature of a play which follows its hero helter-skelter through the mind and its many mountains. It is a logical device, which pays off in the final scenes of reckoning and recognition, even though Moore's bearded returnee intimates origins in home counties car salesmanship rather than Northern industry.

Ormerod's first-act design is dominated by a large, low wooden hut, flat enough for Peer's mother to be hoisted aboard, which rolls and rotates to provide mountainsides and gorges, opening out in the troll scene to furnish an emerald kingdom where, in a reference to *The Wizard of Oz*, bespectacled troll hordes pursue their contrary reality with a clamour of piggish voices and a wiggling of piggish behinds.

The second act settings become ever larger and more exotic, with a miniature, illuminated merchant ship carrying Sir Peer's misgotten gains, bejewelled houris in desert pavilions and a huge, chipped model of the Sphynx to mark Peer's arrival, all Attenborough earnestness in safari shorts and solar topi, in Egypt.

Where Donnellan's production excels is in his handling of such exigencies as the doubling up of actors, which, far from confusing the narrative, is executed with a clarity and an elegance that gives a nightmarish coherence to the headlong rush of scenes (one is tempted to remark that it is here that a fringe theatre training pays off). The bridal revels with which the play opens has a contorted echo in the company of trolls, where the wedding guests – and even the fugitive bride – appear in bridal tops and troll bottoms, a travesty of Peer's old mother capering with the best of them.

In solving a logistical problem, the production – helped by Kenneth McLeish's intelligent, witty translation – makes cogent points about the immense cultural complexity of fantasy, arguably the real onion of the play. Peer's lies provide one layer, and his conscience another. The troll scenes, for instance, begin as a camp joke at the expense of Alison Peebles' porky princess, but the laughs are ultimately on Peer himself as he is prodded and poked by vengeful trollets, to the undisguised glee of Philip Voss's until then supremely reasonable troll king.

On quite a different level, this fantasy is part of a received mythology: a means of expression, but also a form of self-protection most clearly articulated in the touching death scene of Peer's mother (a diminutive, doughty Mona Hammond), when his evocation of her reception at heaven's gate provides a rite of passage which, like any rite of passage, is designed to conceal and romanticise the last, painful paroxysms of life. It is the same basic mythology that turns up, with butterfly net and cloven foot, at the end of Peer's life, hunting for his soul but still amenable to being sent off on a wild goose chase to the Cape.

Donnellan undeniably demands and gets a tremendous, dangerous piece of ensemble work from a uniformly strong cast, with details like the insolent smoking of Jeremy Swift's troll child, bastard offspring of Peer's imagination, bringing individual performances into jewel-like relief. But these diversions leave the dramatic fragmentation of the later acts unresolved, reinforcing the suspicion that the parts of this archetypal fable are ultimately more successful than the whole.

Claire Armitstead

Alastair Muir

Stephen Moore

Mary Maginn

THE DRILL HALL

You do not expect formal beauty in staged themes from a Northern Ireland Catholic woman's life, from her 1913 baptism to her 1986 deathbed. But the first pleasure of *Mary Maginn*, a new two-act play tersely written by Seamus Finnegan and finely staged by Julia Pascal in a small rhomboid of space, is its handsome austerity. In Act 1, which takes Mary's life up to 1947, scarcely a scene lasts as much as 3 minutes, and each is sharply distinguished by different lighting (by Kate Carrol) and a few expressive, economical props and items of clothing (Michael Hoeschen and Michael Vale are the designers). Gerardine Hinds is Mary Maginn; the other five actors play many parts.

In a corridor behind four gauze screens at the back, we see news figures, often sidelit or silhouetted – from Neville Chamberlain and Mrs Thatcher to IRA leaders. Mary's life, by contrast, is all out in front, and the play's strength lies not in her political involvement but rather in her avoidance of just that. The great events in her life are births, marriages and deaths. Each such episode is shown not winsomely, but severely. The lighting – always clear, white, cool – comes from new angles in each scene. The actors, when not performing, sit or change on the sidelines in our view.

Mary is youngest daughter of a Catholic Belfast working-class family; she is a working girl; a bride; wife; mother; grandmother. She moves house, corresponds with a brother and sister-in-law in Liverpool, and she raises Catholic prayers from girlhood through to her last night. Only when she is a mother do you see the full force that "the troubles" cause her, in trying to keep her menfolk's heads cool and their lives long. And only gradually do you see the toll this exacts from her – how her jaw gets firmer, her brow harder, her lips thinner, her hip more arthritic. Hinds gives her an excellent performance. Her one outbreak of rising hysteria with her activist son is finely judged. The telling details of her interpretation continue right up to her last scene, where, in a few seconds, her stiff legs and parted knees lay old age bare.

The other performances are on the same level. Briege Arthurs, for example, plays Mary's sister Cissie, her brother's Protestant mistress Jean Wilson, her daughter Veronica, her neighbour Bridie, Mrs Thatcher and others; and Nigel Harrison, in an even greater number of roles, provides accents Irish, Welsh, Liverpudlian, London, American, and German. The simplicity with which each of these parts is conveyed is very satisfying.

Act 2, though more intense and harrowing in its big scenes, is less constantly enthralling. The episodes are longer, less vividly differentiated, occasionally less taut; and they tend to keep fewer characters active. But there's no doubt how much further they take us into Northern Ireland. Mrs Thatcher is seen just as a silhouette; and her voice is heard repeatedly intoning "The British Government will not negotiate terms for ending the hunger-strike." She is not lampooned, but she is both remote and monotonous. Which in this context leaves a fresh bitterness.

Alastair Macaulay

Schnittke

BARBICAN HALL

The Barbican-Wigmore Schnittke series, among the most valuable of its kind in recent years, continued last night with the first of two concerts by the Moscow Soloists under their founder, Yury Bashmet. The fabulous executive standards achieved by the group in the same hall last year were here maintained – and, since the peculiar fascination of the First Sonata for Violin and Chamber Orchestra (1968), the Schnittke offering of the evening, depends on the composer's attitude at once quizzical and expert to string sonority, Bashmet's superb string ensemble imbued the experience with a quite special intensity.

The Sonata, an expanded orchestration (harpsichord and string orchestra in place of piano) of the 1963 First Violin Sonata, speaks of biting, witty, rather dark things in a voice that one immediately recognises to be the composer's at its most genuine.

It comes from the period in Schnittke's career when exposure to modern Western music was new and overwhelming – but experiments with styles and techniques recently discovered still had of urgent necessity to be rendered "palatable".

However much one may disapprove of state interference in artistic matters, the strange thing – in this work, at least – is that it seems to have resulted in a work of extraordinary artistic ambiguity, its skittishness a kind of mask for the serious, difficult issues posed beneath.

The "modernism" is the use of twelve-tone thematic material; the mask is its impish treatment, with spiky cross-rhythms and a harpsichord "continuo" deftly suggestive of baroque practice. But a deep vein of melancholy underlies the invention: in this, as in much else in the work, the influence of Shostakovich is wholly creative.

The soloist, Oleg Kagan, gave a superlative display of virtuosity, and keen dramatic insight besides. A word only – because last year I praised it so highly - for the Moscow Soloists account of Schoenberg's *Verklärte Nacht*, incomparably wide in textural and dynamic range; and (because it was disappointingly lumpy, slow, and "old-fashioned," for all the finesse of Bashmet's viola playing) for their Bach Sixth Brandenburg Concerto.

Max Loppert

Yeoh Ean Mei

PURCELL ROOM

Just over seven years ago, this Malaysian-born pianist made a great impression in the annual Park Lane Group showcase for young artists. On Wednesday she displayed the same clean, unfussy musical intelligence and the same confident rhythmic grip, in a wider range of music. (Not, in fact, quite the music originally advertised: I thought Kabalevsky's Third Sonata a disappointing substitute for Prokofiev's Sixth, and on the evidence she was unwise to delete one of her Fauré nocturnes in favour of Mozart's A minor Rondo.) It was a satisfying recital, up to a point – but one had expected more developed authority by now.

"Authority:" what's that? Well, her Haydn was eagerly committed, neither cut-glass nor heftily modern; she searched into the Andante Variazione to fine effect, but then let the C major Fantasy run away at a speed where her right hand only just stayed on track. The first piece in Schumann's *Kreisleriana* would have caused a similar anxiety, had her left hand not supplied a protective (and unwanted) cover.

By and large, of all the pieces Schumann wrote for his wife to play, *Kreisleriana* is the cruellest for small hands (Clara boasted a wide stretch), and sometimes the effort it required from Yeoh Ean Mei to encompass all the notes was a distraction.

Her Mozart Rondo had good, stern ideas, not yet forged into a cogent sequence. She hasn't learned to give full dramatic value to transitions, as became clear in her two Fauré nocturnes and in *Kreisleriana*. Some way into a new musical passage, again and again, one realised that she had the true measure of its character – but it hadn't been *signalled*: no warning finger upraised, no significant breath taken, no marked change of colour. She was too modestly self-effacing to compel our attention to fresh developments, though she did justice to them when they arrived.

In short, as a performer she needs to take the bit more firmly between her teeth, in order to cut a sharper dramatic profile. She has the necessary resources, and in generous measure. Her bright, unstinting affection made the Kabalevsky sonata gleam, though both her Schumann and her Fauré would have been enhanced by more teasing play with rhythms (and the latter's Fourth Nocturne deserved a more ecstatic central climax). Yeoh Ean Mei's penetrating directness is a sovereign virtue; she must learn to set it off to maximum advantage.

David Murray

Lloyd Cole

HAMMERSMITH ODEON

Lloyd Cole caused a minor rumpus a few years back when he set up with the Commotions in Glasgow. As an English graduate he couldn't avoid literary pretension in his lyrics, but by singing from somewhere around his navel he made songs like "Perfect skin" sound both sensual and cerebral. But then he moved his moody self to New York, the better to perfect his Lou Reed impersonation. The result is a new eponymous album and a select tour of his homeland.

Walking in on him at the Hammersmith Odeon on Tuesday promised well. The stage was swathed in a smoky haze and Cole, well armed with guitarists, including an ex Lou Reed sideman Robert Quine, who trailed a mammoth reputation, and a Reed drummer in Fred Maher, looked the part in dark glasses and black leathers. It might be an old fashioned; 1970's Warhol Factory clone but why not? An hour or so later Cole had dissipated most of my hopes. He has picked up the worst East Coast mannerisms, including half an American accent, and that irritating business of quitting the stage after 45 minutes the better to milk three encores. And he has not gained much in his exile: or rather songs that sound well on the album, like "Long way down," were here casually thrown off, with the lyrics abruptly mangled.

There is too much of the posturing of the sensual pop star, one who appeals to men with his cleverly feminist-sexist lyrics, and not enough natural humour. It is almost George Michael without the laughs. Lloyd Cole has not yet earned a major interview in Rolling Stone and coming on like the history of rock music, with cover versions of Elvis in the encores, strains the patience.

It is quite pleasant, with atmospheric cameos in the audience – fans passing into a drugged stupor until woken by the burning joint; laid back critics bitching about Cole's hair and face (rather podgy now that he has scraped off the macho designer stubble), but never making the leap into nirvana which the image, the album, and the truly tight and professional New York band promised. Indeed while Cole over dosed on ego Quine was too restrained in his guitar work. Perhaps Cole was tense, but if you aim to overhaul Lou Reed you must be more louche and relaxed than this.

Antony Thorncroft

Gaudier Ensemble

WIGMORE HALL

With players drawn predominantly from the first desks of the English Chamber Orchestra and the Chamber Orchestra of Europe, the Gaudier Ensemble has an excellent pedigree. The group is not new; it gave its first performances in 1986, made its London debut at the Wigmore Hall last year, and is the resident ensemble at Kettle's Yard in Cambridge, hence the name, for the museum at Kettle's Yard is distinguished by its substantial collection of the sculptures of Gaudier-Brezska. Why, though, we have not already heard much more of the Gaudier Ensemble is perfectly mysterious, for Wednesday night's concert demonstrated that it belongs in the first rank of chamber groups. Nothing about the playing is predictable or routinely streamlined, and the precense of active, searching musical minds is always evident.

Set free from the interpretative shackles of orchestral playing these instrumentalists clearly relish the space to express their own personalities. There is no attempt to create a bland homogeneous sound – each line is distinct, roundly characterised. In both Beethoven's Op.20 Septet and Brahms's Clarinet Quintet textures came up burnished anew; inner parts acquired their own definition. It is a considerable achievement in itself to make a listener hang on to every phrase of the Septet; even the Adagio seemed more purposeful than ever before, while the minuet, the theme and variations and the scherzo, were each in turn transformed into minor miracles of articulation, in which the violin of Gérard Korsten took the leading role.

If the Brahms seemed marginally less wonderful it was only because the work itself admits many more shades of nuance, and the Gaudier did not construe absolutely everything with such comprehensive understanding. It was a robust view, which left little room for autumnal dewiness; sinews were allowed to show, and the passion which drove the work's climaxes was uncompromising. Each modulation acquired its own tang, each gradation of tempo its place in a carefully plotted scheme. The Gaudier manages to encourage the maximum of individuality within a scrupulously exact framework; its music-making is of a very high order indeed.

Andrew Clements

Steve Lacy Sextet

QUEEN ELIZABETH HALL

Quintet. Pianist Bobby Few was out for the London performance nursing an injured hand which might explain why Lacy's band, on the first visit in a long time, sounded somewhat exposed. Playing a long set – nearly two hours – the lack of piano did, however, provide ample opportunity to study Lacy's virtuosity on the soprano sax.

Judging from the build up to Lacy's UK tour, one could be forgiven for thinking that the soprano is too unruly an instrument to contemplate in the context of modern jazz. But Lacy, who started out playing Dixieland before making the jump to bebop in the late 1950s, has it taped. Nurtured by Cecil Taylor, the New Yorker's playing is characterised by rounded and fluid improvisation which comes in short controlled runs.

It is said that this cagey style with the soprano sax inspired Coltrane to take it up. But while Lacy's own inspiration comes from a devotion to the music of Thelonius Monk, his music has a tougher edge to it than even Monk or Trane.

Working without the piano, however, left tenor saxophonist Steve Potts, bassist Jean Jacques Avenel, drummer John Betsch and vocalist Irene Aebi, much to do. Great solos from Potts, moved along by a powerful and clattering rhythm section, filled out perfectly and Lacy need not have looked quite so uncomfortable. Vocals in modern jazz, however, are a matter of personal taste and while scat is one thing, lyrics like "I am it and you are it and so is that . . ." are quite another.

Much better to hear Lacy's soprano sax returning to Dixieland roots, in bebop style, with clacking rimshot accompaniment and Avenel's thundering double bass.

The Pointy Birds provide interesting support but the humour in the trio's improvised versions of Jackson Five hits and operatic arias seemed lost on the QEH and prompted much sighing.

The Steve Lacy Sextet plays Edinburgh Queens Hall (tonight) and Leicester Phoenix (tomorrow).

Garry Booth

SALEROOM

Victorians under perform

Edmund McCormick started to collect Victorian pictures in 1976 when they were just starting to become expensive. He bought "great Victorian artists, great in that they were recognised in their own time." Many of the works he acquired had appeared at the Royal Academy during its heyday, and were the genre paintings so popular among the sentimental Victorian Middle Class.

McCormick died in 1988 and Sotheby's in New York sold forty odd pictures from his collection on Wednesday for $2.1m (£1.26m) with 13 per cent bought in. Obviously the glow has left this market because all the top lots were well below estimate. The highest price was the $231,000 (£136,000), paid for "An embroidery" by Albert Moore, depicting his usual pretty but apprehensive girl leaning against a cupboard. In 1978 it had sold at Sotheby's Belgravia for £9,500.

An early Edwardian picture, "Winter in Liguria," by Henry La Thangue, showing peasants at a well, was dramatically below its bottom estimate of $300,000, making $220,000 (£130,000), although still an auction record for La Thangue. In the same Sotheby's auction twenty years ago it had realised £7,000.

"*Going to business*" by Tissot, showing a City businessman being driven in his hansom to work, with St Paul's in the background, also badly under-performed at $198,000 (£117,000). In 1976 it sold at auction for £8,500 and on Wednesday had carried a high estimate of $300,000. British Victorian art has temporarily moved out of fashion.

The wider auction of 19th century European art made $12.8m (£7.3m) with 22 per cent unsold. There was a record paid for the French artist Gérôme. "Bathsheba," a substantial nude figure bathing on a Jerusalem roof, doubled its estimate at $2.2m (£1.3m). Another record was the $852,000 (£500,000), below forecast, for a portrait by Giovanni Boldini of the Chelsea artist Peter Harrison. Another Boldini portrait, of Madame Juillard wearing red, was just on target at $715,000 (£421,000). The star of the sale was the Italian Domenico Induno. His interior of a forge estimated at up to $70,000, sold for $253,000.

In London yesterday Sotheby's had a successful silver sale which totalled £606,000 with less than five per cent unsold. The to price was £110,000 paid by Garrards for two silver candlesticks made by Paul de Lamarie in 1745. The top estimate had been just £45,000. Coopman, another London dealer bought twelve plates by Benjamin Pyne, dated 1708 for £77,000, within estimate.

Antony Thorncroft

Gala for Romania at the Palladium

There will be a Charity Gala Concert for Romania at the London Palladium next Sunday at 7.30p featuring Joe Longthorne, Chas & Dave, The Drifters, Joan Regan, Edwin Starr, and the Romanian National Music and Dance Ensemble who have been brough over especially for this event. The proceeds will go to the Relief Fund for Romania to be used for food and medical supplies.

ARTS GUIDE

March 2-8

MUSIC

London

Melos Quartet with Mstislav Rostropovich (cello). Silver Jubilee concert. Schubert String Quintet and Death and the Maiden Quartet (Mon). Royal Festival Hall (928 8800).
Monteverdi Choir, English Baroque Soloists, conducted by John Eliot Gardiner. Bach cantatas (Tues). Queen Elizabeth Hall (928 8800).
The Philharmonia conducted by Sir David Willcocks, with the Bach Choir and soloists. Beethoven's Mass in C and Christ on the Mount of Olives (Thur). Royal Festival Hall (928 8800).
London Symphony Orchestra conducted by Mstislav Rostropovich, with Yuri Bashmet (viola) and the London Symphony Chorus. Berlioz, Schnittke, Shostakovich (Thur). Barbican Hall (638 8891).

Paris

Martine Dupuy Recital (Mon). Salle Gaveau (45632030).
Ensemble Intercontemporain. Malherbe, Machover, Holliger (Mon). Auditorium des Halles (40282828).
Ensemble Orchestral de Paris with Dezso Ranki (piano). Mozart, Berg (Tue). Salle Pleyel (45638873).
Orchestre de Paris conducted by Stanislaw Skrowaczewski, Radu Lupu (piano). Brahms, Beethoven (Wed, Thur). Salle Pleyel (45630796).
Emile Naoumoff and the Juilliard Chamber Players (Thur). Théâtre des Champs Elysées (47203637).

Amsterdam

Netherlands Chamber Orchestra led by Philippe Entremont (piano). Beethoven, Strauss (Fri, Sat). Concertgebouw (718 345).
Ronald Brautigam (piano), Nico van der Meel (tenor) and the **Orlando Quartet.** Tippett, Vaughan Williams, Britten (Fri). Concertgebouw (718 345).
Conservatory Symphony Orchestra conducted by Kent Nagano. Mahler (Tue). Concertgebouw (718 345).
Royal Concertgebouw Orchestra with Jacques Zoon (flute). Edo de Waart conducting. Wagner, Mozart, Dvorak (Wed, Thur). Concertgebouw (718 345).

Utrecht

Alexei Lubimov (fortepiano). Beethoven (Sun matinee). Vredenburg (31 45 44).
Conservatory Symphony Orchestra conducted by Kent Nagano. Mahler (Wed). Vredenburg (31 45 44).
Emma Kirkby (soprano) and **Anthony Rooley** (lute). Jones, Ferrabosco, Monteverdi, Lawes (Thur). Vredenburg (31 45 44).

Brussels

The Monnaie Symphony Orchestra conducted by Sylvain Cambreling with Gary Bachlund (tenor) and Christa Ludwig (soprano) performing Beethoven and Mahler (Sun). Palais des Beaux-Arts.
Eugene Ysaye Quartet. Brahms, Dvorak and Shostakovich (Mon). Palais des Beaux-Arts.
Royal Wallonia Orchestra String Quartet. Debussy, Fauré, Lekeu and Tournemire (Mon). Palais des Beaux-Arts.
RTBF Symphony Orchestra conducted by Theodore Bloomfield. Brahms and Shostakovich (Thurs). Maison de la Radio.
Oratorio Chamber Orchestra conducted by Dominique Jonckheere, with Quilian Chen (soprano), Eva Hallberg (soprano), Edvin van der Meer(baritone) and Axel Everaert (tenor). Handel and Musset (Tues, Wed). Royal Conservatory.

Antwerp

Marjana Lipovsek (soprano) accompanied by Geoffrey Parsons (piano) singing Brahms, Moussorgsky and Schumann (Mon). De Singel.

Vienna

Vienna is host to two music festivals: Haydn Tage and the Vienna Festival. Tickets and information from Musikverein, Karlsplatz 8, Vienna (65 81 90). Also, Oesterreich-heute, with the spotlight on contemporary Austrian music is in full swing. Tickets and information from Wiener Festwochen, Lehargasse 11, 1060 Vienna (586 16 76).
Austrian State Radio and Television Symphony Orchestra, conducted by Dennis Russell Davies, with Vladimir Feltsman (piano). Stravinsky, Prokofiev, Scriabin. Konzerthaus. (Fri).
Der Kreis Experimental Theatre perform *R+J Musical*, an avant-garde adaptation from Shakespeare's *Romeo and Juliet* by the young Soviet composer, Sergei Dreznin (Sat,Tues-Sat).
Bavarian Radio Symphony and Choir conducted by Sir Colin Davis. Berlioz. Musikverein (Sun).
Wiener Kammerorchester, conducted by Peter Stangel. Kreuz, Mozart, Haydn. Konzerthaus (Tues).
Prague Kammerorchester with soloist Guy Touvron (trumpet) (as part of Haydn Tage). Musikverein (Wed).
Austrian State Radio and Television Symphony, conducted by Heinz Holliger. Spinner, Larcher, Mahler. Part of Oesterrich-heute. Konzerthaus (Thur).

Milan

Maxim Vengherov (violin) and Alex Melnjkov (piano). Conservatorio G. Verdi (Wed) (76001755).

Florence

Christian Thielemann conducting Schumann and Richard Strauss (Fri, Sat, Sun). Teatro Comunale (2779236).

Rome

Hartmut Haenchen conducting Bartok and Bruckner (Sat,Sun, Mon, Tues). Auditorium in Via Della Conciliazione. (6541044).
Paul Tortelier (cello) and Marie de la Pau Tortelier (piano) playing Bach, Beethoven, Tortelier, Casella, Granados (Sun). Teatro Ghione (6372294).

Berlin

Berlin Philharmonic Orchestra conducted by Riccaro Chailly with pianist Radu Lupu plays works by Ligeti, Mendelssohn and Brahms (Fri, Sat). Philharmonie.

Munich

Munich Radio Orchestra under Alexander Sanders with mezzo-soprano Agnes Baltsa with Italian and French opera arias (Sun). Philharmonie im Gasteig.

Frankfurt

Ivo Pogorelich piano recital. Haydn, Chopin, Liszt, Brahms, Scarlatti, Scriabin and Balakirev (Sun). Alte Oper.
Pinchas Zukerman (violin) and **Marc Neikrug**(piano) in an all Schubert programme (Tues). Alte Oper.

Cologne

Cologne's Guerzenich Orchestra under Marek Janowski with pianist Jorge Bolet. Schoenberg, Gershwin (Sun, Mon, Tues). Philharmonie.

Madrid

Spanish National Orchestra conducted by Leopold Hager, with Maria Joao Pires (piano). Mendelssohn, Mozart, Beethoven (Fri, Sat, Sun). Auditorio Nacional de Musica (337 01 00).
Gulbenkian Orchestra conducted by Muhai Tang. Maria Joao Pires(piano). Beethoven, Mendelssohn (Tues). Auditorio Nacional de Musica (337 01 00).

Barcelona

Israel Quartet. Gerhard, Ravel, Brahms (Wed). Fundacion caja de Pensiones (317 57 57).
Pinchas Zukerman (violin), Mark Neikrug (piano). Schubert programme (Fri). Palau de la Musica Catalana (301 69 43).

New York

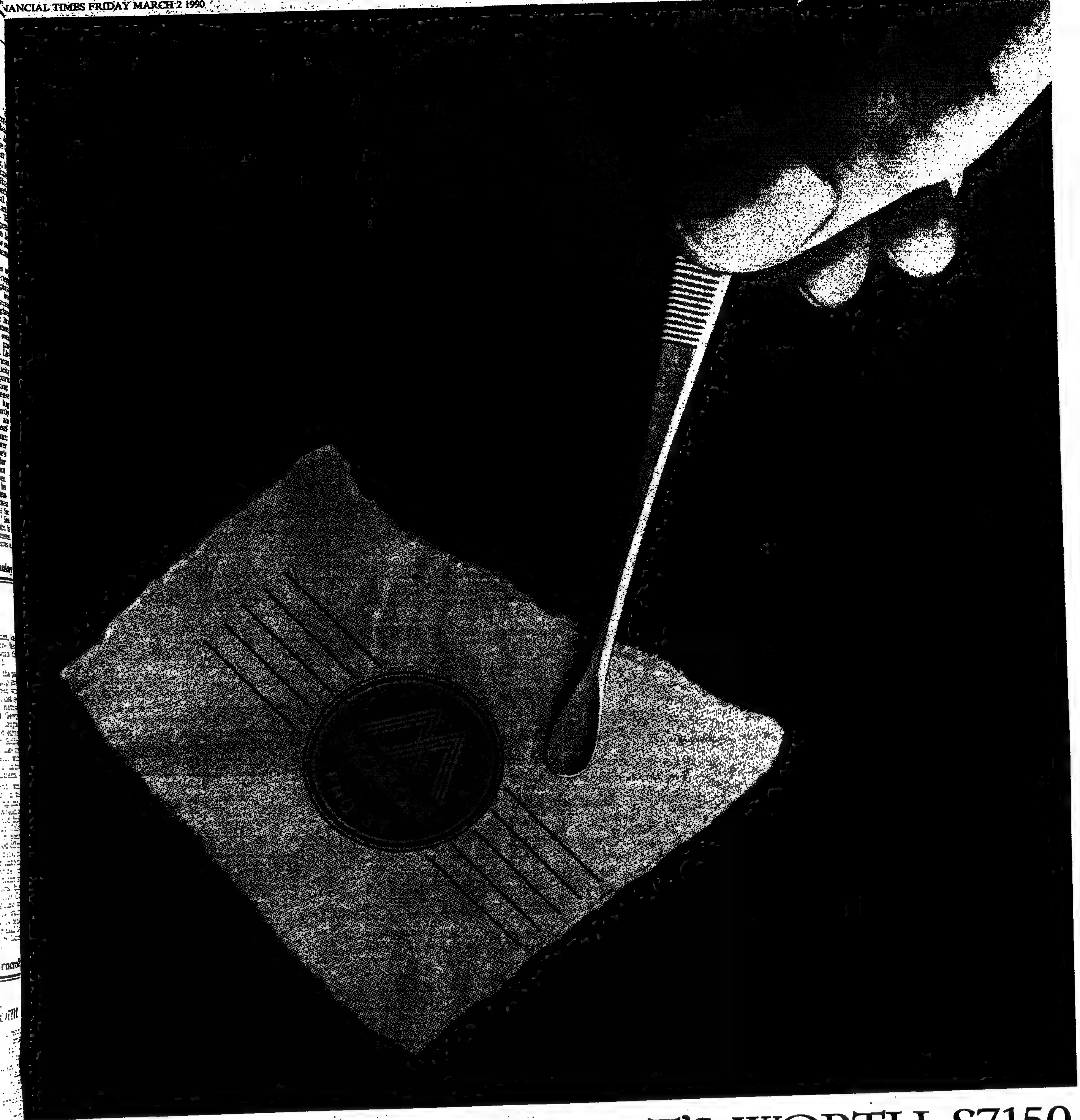
Guarneri String Quartet. Beethoven, Berg, Sibelius (Mon). Carnegie Hall.
Vienna Philharmonic conducted by James Levine with Westminster Symphonic Choir and The American Boychoir. Mahler (Tue) and Leonard Bernstein conducting Bruckner (Wed); **Amadeus Orchestra** conducted by Timothy Rowe with Haskell Small (piano), Virginia Nanzetta (flute), Sidney Harth (violin). Haskell Small (Thur). (247 7800).
New York Philharmonic conducted by Zubin Mehta with Maurizio Pollini (piano). Beethoven, Webern. Zubin Mehta conducts with Sandra Church (flute), David Carroll (bassoon), Uto Ughi (violin). Telemann, Del Tredici, (Thur). (874 6770).
Chamber Music Society of Lincoln Center. Beethoven, Babbitt, Carter, Barber, Schoenberg (Tue). Alice Tully Hall (362 1911).
New York Philomusica Chamber Ensemble directed by Robert Johnson. Prokofiev, Schumann (Tue). Merkin Hall (362 8719).
Philippe Cassard piano recital. GPA Dublin International Piano Competition winner performs Ravel, Schubert, Mozart, Debussy, Liszt (Wed). Alice Tully Hall (362 1911).

Washington

National Symphony Orchestra conducted by Jean-Pierre Rampal, also flute soloist with Toshiko Kohno. Mozart, Vivaldi (Tue). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony. Daniel Barenboim conducting with the Chicago Symphony Chorus. Wagner (Tue); Prokofiev, Takemitsu (world premiere), Ravel (Thur). Orchestra Hall (435 6666).



FINANCIAL TIMES
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Friday March 2 1990

Future of the stock market

A CENTRAL market for equities is a good idea. Trying to maintain a single provider of services for this central market is not. Until this is recognised by London's International Stock Exchange, its role in the securities business, and the quality of its service to members, are likely to diminish.

The latest set of proposals on the exchange's purpose has come from a small group operating under the wing of the market's most powerful committee, comprising representatives of most of London's leading securities firms. They will be debated by the exchange's ruling council on Monday.

The final draft of the group's report paints a gloomy picture of the ISE's present position. Its users only look to it for the chance to deal in a regulated market with a market maker at a quoted price and the opportunity to use the exchange's settlement services. Even on these two points the exchange does not score highly. It has lost much of its regulatory role to a separate organisation, The Securities Association, and its paper-based settlement system is inefficient.

The danger is that, as the exchange's role shrinks, business may migrate to other systems, leading to a fragmentation of the central market, and investors may lose the main advantages of a strong central market, liquidity and visibility.

Increased value

The recommendations of the group – under the chairmanship of Mr Nigel Elwes of Warburg Securities – are largely designed to increase the value of membership of the Stock Exchange club. On one level, its recipe is difficult to fault. The exchange, it says, should be "as efficient and cost effective as possible so that alternative markets will always be less attractive." If that was all there was to it, then the exchange's executives (and its 3000-member workforce) could sleep easily in their beds.

The Elwes report goes on to recommend three other ways of reinforcing the club. Firstly, the membership fee should include a computer link through which a member could plug in to the market's full box of electronic tricks, from its share price quotation system to settlement services. Secondly, membership would provide a member's clients with a guarantee on all business conducted through the exchange. And, thirdly, like all good clubs, the exchange should have stronger discipline to keep its members in line.

Tougher environment

Although these ideas are being proposed by a committee of the exchange's members, it is by no means obvious that they are what members at large want. They are more inclined to start by looking at their own business rather than the exchange's. And they cannot help but notice that, as they are forced to tighten their belts in the face of a difficult market, the exchange just keeps growing (its average staff numbers last year were 16 per cent higher than the year before). Nor, given the exchange's current maze of electronic services, many of them in urgent need of an overhaul, is it clear why member firms should want to be tied to the exchange by the sort of electronic umbilical cord envisaged by the Elwes group.

Member firms might be more inclined to demand other things: that the exchange be "unbundled," for instance, its large divisions broken off and made to stand on their own feet. The way to improve the market's services is not to reinforce the position of the embattled central divisions, but to submit them to a tougher commercial environment. It was only after the exchange decided to hive off settlements, for example – a decision which won it widespread applause in the City – that it made a serious attempt to find out whether this activity made a profit or not. Yet by suggesting that the exchange keep control over settlements, the report swims against this tide.

Breaking apart the exchange does not mean fragmenting the market. Indeed it may be the only way of retaining any semblance of a central market for UK equities and of serving the members of the exchange in the most efficient and economical way.

The new influx into Israel

ISRAELI OFFICIALS have again revised upwards their estimates of immigration from the Soviet Union: they now claim to expect 230,000 arrivals this year. That may be a deliberate exaggeration. Israel is using the flood of immigrants as an argument for increased funding, both from the US taxpayer and from private Jewish sources; and ministers may also be anxious to shock the Israeli public into readiness for sacrifices.

In this last respect there is a parallel between Israel and West Germany. Both are inundated, as a result of more liberal policies suddenly adopted in the erstwhile Soviet bloc, with their respective state ideologies requiring them to treat the immigrants as fellow-citizens. Both find their patriotic joy tempered by anxiety about the social, economic and political consequences. Both find, moreover, that what in their view is a purely domestic matter arouses anxieties among their neighbours.

Poles fear that a stronger Germany will not respect their western frontier. Arabs fear that "a big Israel" (Mr Shamir's own phrase) will mean an Israel even less willing to contemplate withdrawal from the territories it occupied in 1967.

And in both cases these anxieties are taken up by the Great Powers which see themselves as guardians of post-war stability. They have urged Mr Kohl to give a clearer guarantee of Poland's integrity, while warning Mr Shamir against settling the new arrivals on Arab territory. Israeli leaders brush aside such fears, asserting that fewer than one per cent of last year's Soviet immigrants have gone to settlements in occupied territory, and that there is no government policy to put them there.

Assurances

These assurances should be treated sceptically. Israeli statistics treat the new eastern suburbs of Jerusalem as part of the state of Israel, although in the eyes of the world they are occupied territory. Besides, so long as it Israel's policy that "Jews are free to live where they like in the Land of Israel," and so long as housing is cheaper or more readily available in the settlements than in Israel proper, immigration will result in an increased number of settlers whether the immigrants themselves go direct to occupied territory or not.

US officials and congressmen should therefore be eagle-eyed in their scrutiny of the way Israel spends their constituents' money. Arab anxieties are justified. But, as so often, they have been ineptly expressed, reinforcing the Israeli belief that Arabs still do not accept the basic raison d'être of the Jewish state as a haven for persecuted Jews.

Economic migrants

That raises another question: are these Jews persecuted? Are they, to use a terminology that has become sadly familiar, refugees or "economic migrants." As in other cases the distinction proves very hard to draw. Jews are no longer persecuted *by the authorities* under the present Soviet regime, and the state of the Soviet economy must be a powerful motive for emigration in many cases.

Many non-Jewish Soviet citizens would dearly like to emigrate if they could. But at the same time anti-semitism is widespread in the Soviet Union, and more and more overtly and menacingly expressed. Only in the last week or two have the authorities begun to react to it, instituting proceedings against the extreme Russian nationalist group Pamyat and issuing "denials" of rumoured impending pogroms, in a way which seems more likely to increase than to allay public anxiety.

Russians, nationalist or otherwise, should realise that their country's reputation will be as badly damaged if all Jews are terrorised into emigrating as it was when they were held prisoner. Other countries should accept that so long as the present political climate prevails Russian Jews do have a "well-grounded fear of persecution" and therefore qualify as refugees, which means they should be given asylum as far as possible in the country of their choice. For many of them that country is not Israel: it is only since the US restricted immigration from the Soviet Union last year that Israel has had to cope with such an enormous influx.

Peter Riddell finds that ailing US savings and loans are tough patients to treat

Struggling to save the thrift industry

In the middle of last month Mr William Taylor was suddenly put in charge of the world's largest property and financial organisation. Assets of around $150bn have come under its control within the last six months, and the total could easily rise to around $300bn, or more, in the next two or three years – which is the pre-cuts size of the US defence budget, or more than the total of Britain's public spending.

Mr Taylor's name is hardly familiar in the business pages and his appointment was scarcely noticed even in Washington. But it reflects a growing crisis in the biggest financial rescue in the US. The operation can be likened to trying to climb an escalator which is moving downwards, while at the same time the ticket price is rising steeply.

Working from a sparsely furnished suite of offices at the unfashionable end of Connecticut Avenue in Washington, just around the corner from where Ronald Reagan was shot in 1981, Mr Taylor is responsible for setting the policy for the rescue of the US savings and loan industry.

In charge of banking supervision and regulation at the Federal Reserve, he is now acting president and chief executive officer, for an indefinite period, of the oversight board of the Resolution Trust Corporation (RTC). Mr Daniel Kearney, his predecessor, resigned after just four months following disputes over a lack of sufficient authority.

The rescue of the US savings and loan, or thrift, industry was always going to be difficult, and expensive. But barely six months after legislation was approved by Congress not only has Mr Kearney resigned, but there are further rumours of political in-fighting, important posts unfilled, and, more significantly, widespread complaints about delays in the rescue and in the stemming of ever-rising losses.

Originally, the overall public and private sector cost was estimated over 10 years at $166bn. (Yes, billion dollars; there are hardly any millions in the savings and loan story.)

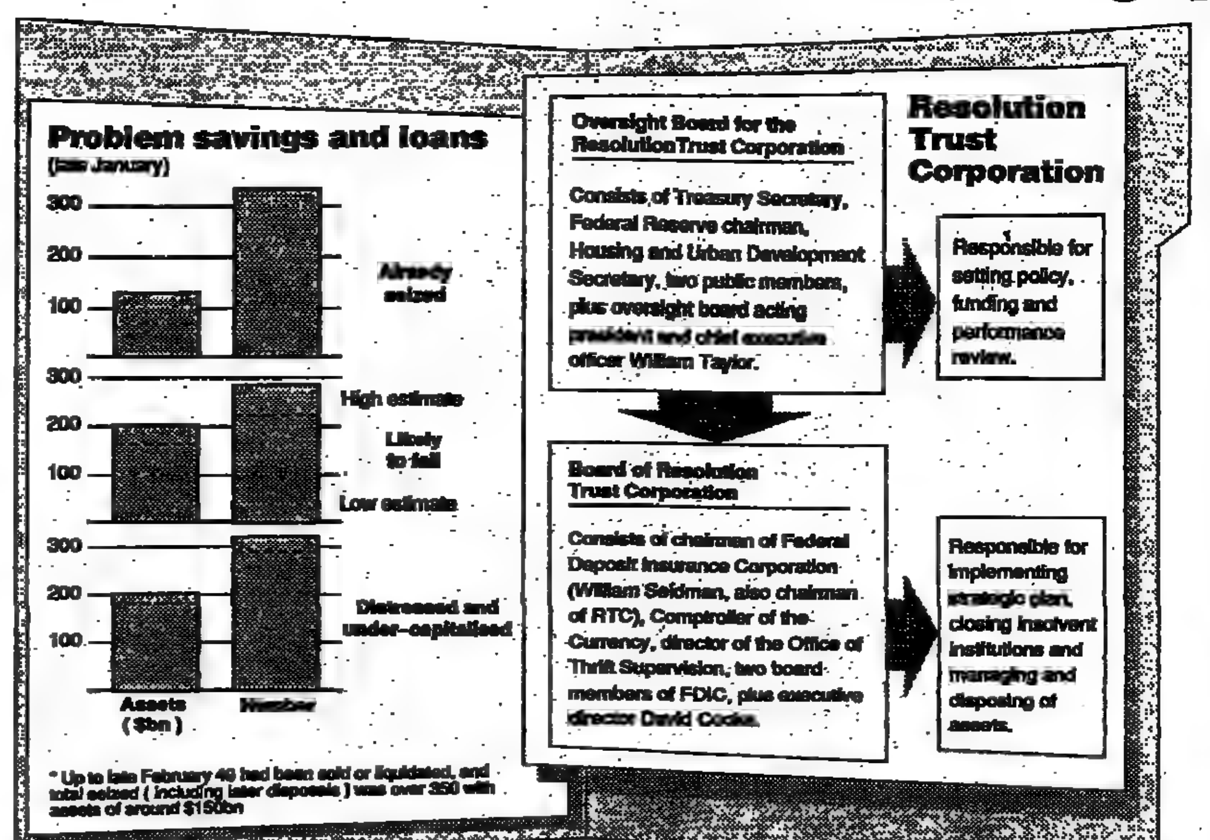
Last summer Congress authorised $50bn of support, which was supposed to last until mid-1992. But this is now expected to run out in the first half of next year. In addition, the Administration has begun raising working capital – $11bn in the current quarter, and possibly much more in the summer, to replace high cost funds and to finance insolvent thrifts before they can be sold.

Working capital needs are officially estimated at anywhere between $75bn and $100bn, while the total cost of the rescue could approach $300bn, of which a sizeable proportion will be paid by taxpayers.

A growing crisis in the biggest US financial rescue can be likened to trying to climb an escalator which is moving downwards

The scale of the problem is seldom appreciated outside the US – partly because savings and loans have been seen as safe sources of finance for financiers of house purchase, like building societies in Britain.

So they generally were in the US until the late 1970s. Then, helped by Congressional deregulation, lax supervision and the open-ended commitment of Federal deposit insurance up to $100,000, a new generation of owners embarked on rapid expansion. They diversified away from mortgages into commercial property and resort development and into holding high yield/high risk junk bonds.



This produced a speculative binge, mismanagement, high-living (such as "jungle parties" involving lion and antelope meat and live elephants for the entertainment of guests) and downright fraud. Losses mounted, especially as the real estate boom in Texas and other south-western states collapsed.

Under the pressure of losses accumulating at $10m to $15m a day, the Bush Administration and Congress last year agreed a rescue package in an unusually rapid six months. But as is the way in Washington, it was a compromise, which failed to address the problem of deposit insurance.

In attempting to correct the errors of the past, it made the rescue more difficult. There have been two main problems – an over-complicated structure, and financial rules reducing the attractions of owning savings and loans.

The organisational plan has been compared to a wiring diagram for a circuit board, with over a dozen Federal agencies having a say. To safeguard taxpayers' money an oversight board was established to set policy guidelines and to arrange fund-raising for the RTC.

This board was completely separate from the RTC's own board, the chairman of which, Mr William Seidman, also runs the Federal Deposit Insurance Corporation (FDIC), which looks after banks.

This looks like a recipe for second-guessing and so it proved to be, at least for Mr Kearney. There were reports of day-to-day intervention by the Treasury. Mr Taylor, the new broom, says there are two layers that matter – his oversight board and the RTC itself.

The oversight board neither knows about nor intervenes in specific rescues. Meanwhile, Mr Taylor, with experience of the regulatory bureaucracy, talks in a relaxed way about his relations with the Treasury.

Yet, for all their admiration of Mr Taylor, the critics believe that the basic problems have not been answered. Mr Kenneth Guenther, executive vice-president of the Independent Bankers Association, notes continued reports that Mr Seidman is unhappy about White House/Treasury interference and warns that if someone follows Mr Kearney out of the door, the savings and loan mess will be squarely back on President Bush's lap.

Mr Guenther says there is "no evidence of full speed ahead progress," while Mr Seidman has complained to Congress that the two-layer structure is "slow in performing and bureaucratic, producing delays."

To the critics, closing or selling only 49 savings and loans with assets of $16bn in six months is not good enough. Mr Taylor replies by asking who else has done that, though he accepts that the pace could be faster. Exuding energy, and having secured a commitment of "plenty of working capital available," he promises speedier disposals, though he wryly notes the contradiction in the twin pleas he hears – "don't dump property, but sell more."

However, in reaction to the collapse of many thrifts, the Administration and Congress imposed tight restrictions. No one who has cost the deposit insurance system more than $50,000 in losses can be involved in a rescue.

This requirement, the Washington wits have pointed out, narrows the field somewhat in Texas and southern California. There are also limits on the price at which assets can be sold. This is partly a reaction to the wave of "fire sale" disposals at the end of 1988 at apparently cheap prices.

Originally, there were worries that a rapidly expanded Federal agency would provide a bonanza for lawyers and property agents. The RTC has grown rapidly to a staff of 2,300 so far – mainly under the direction of experienced regulators from the Federal Deposit Insurance Corporation – and is a big source of fees to consultants. But the worry now is less of exploitation than of moving too slowly.

Mr Seidman has complained of restrictions resulting from the policy of taking over problem institutions as quickly as possible and selling or closing them to prevent further losses. He has argued that the RTC should be allowed to keep open ailing institutions in the hope of reviving them since once taken over they can be more difficult to sell.

This is on the model of the Reconstruction Finance Corporation of the 1930s which injected aid into many sick banks and helped them back to health. This idea is backed by Mr Guenther of the Independent Bankers.

Banks, now able to acquire thrifts, have complained that once under Federal control the value of a savings and loan can drop by a fifth as many small depositors leave.

Mr Taylor has stressed his open mind about any ideas which speed up disposals and keep down the cost of the rescue. While having some doubts about the potential long-term costs of a programme of reviving thrifts, he is not opposed to putting in some money if it will attract other investors (while not benefiting the original owners). In other cases it may be better to close a thrift.

In the last few days Mr Taylor and the oversight board have responded in part to one of Mr Seidman's requests in agreeing to extend from six months to one year the period of financial assistance provided by the RTC to acquirers of failed thrifts. This is because a buyer may not know the quality of all a thrift's assets upon purchase.

Under put agreements, an acquirer has up to a year to analyse them, retaining the right to return the assets to the RTC.

Under a call agreement, the RTC retains the title to the assets but gives the acquirer the exclusive option to purchase them at the end of the review period. This is intended to encourage more bidders to participate, increasing the pace of disposal and reducing the overall cost.

However, the RTC is dealing not with a finite problem, but a worsening one. This reflects not only the recent declines in junk bond prices and in the property market in some states (separately causing concern to bank regulators) but also the changes in the regulatory climate.

These have made it less attractive to own savings and loans. Last year's legislation imposed tough new capital standards, requiring owners to put up more equity capital – a yardstick many are expected to fail over the next two or three years.

Savings and loans are also subject to tighter restrictions on their range of investments, notably junk bonds. Some Californian thrifts were among the keenest supporters of Mr Michael Milken's junk bond operations at Drexel Burnham Lambert.

However, last year's law forced savings and loans to value junk bonds at market price rather than face value. By December 31, their portfolios of such bonds had dropped from $13bn to $9bn as a result of write-downs and sales at large discounts. The further collapse of the junk bond market will mean even bigger write-offs. In the last two weeks the Federal authorities have taken over more savings and loans in California.

Of the 21 biggest thrifts in that state roughly a third have failed in the past year or are seen as being in danger of failing.

The consequent increase in the number of troubled and failed thrifts – and the difficulty of finding ready outlets for their assets – will result in larger estimated losses. Mr Taylor notes philosophically that the hole already exists and if, or rather when, the original $50bn of core finance is used up, more will have to be found.

Congressional leaders are privately relieved that this will be after they have faced their voters in November.

Meanwhile, the administration and Congress are expected to keep the extra working capital needs outside the calculations of the Gramm-Rudman deficit reduction law. Otherwise, the deficit would rise sharply in the short-term, requiring offsetting spending cuts, and would fall when assets were sold.

There were worries that a rapidly expanded Federal agency would provide a bonanza for lawyers and property agents

Last summer no one in either the Administration or Congress believed that the rescue legislation would solve the savings and loan crisis. They hoped it would buy a few years' time.

The breathing space now looks much shorter. The rescue becomes ever more expensive; and the savings and loan industry is contracting back to the size it was at the start of its decade of wild expansion.

OBSERVER

Barclays tops the charts

■ Exultant must be the only word to describe the mood of Barclays these days. The announcement of its results yesterday was an elaborately staged electronic extravaganza more reminiscent of the heydays of Saatchi and Saatchi: not at all what we expect from the UK's largest clearing bank.

Sir John Quinton, the chairman, and two colleagues sat in pools of light on a carefully arranged stage equipped with a giant screen, autocues and television cameras, to say nothing of interpreters' booths up in the gallery. Nor did modesty prevent Barclays from including in its press kit a comparison of its results with those of the other clearers which, on all counts but one, were not unflattering.

It all fitted Barclays' new determination to be top clearer. But the dramatic effect was abruptly disturbed half way through when Quinton, a modest sort of man who began his professional life as a schoolmaster, let slip that Barclays was not actually paying for the spectacle. Instead a company called Satfin was launching a new service to broadcast financial events by satellite to customers in the US and Europe.

Satfin's next date at Barclays is on March 20 when it will be broadcasting a Budget Special from BZW, Barclays' investment bank. Unfortunately, it will not be featuring BZW's newest adviser, the former Chancellor, Nigel Lawson.

Foggitt's frogs

■ Bill Foggitt was able to report the outcome of perhaps the most important event in his weather forecasting calendar yesterday. The frogs had spawned in his neighbour's pond.

Ironically, however, the inclement weather conditions in Thirsk have hampered his attempts to make an accurate forecast from the event. The crucial question is whether the spawn is in the centre of the pond – which means a dry spell to come – or on the fringe, which would indicate rough weather ahead.

"I think the wind may have got to it before I did," said Foggitt. "It was near the edge, but not touching."

This uncertainty has not prevented him forecasting a dry spring and a late wet summer. His talents are in increasing demand. He is even going into product endorsement, having accepted a photography session for an optician marketing a range of weather symbol spectacles.

The 90 mph winds which swept through Thirsk the other day blew branches off the Wellingtonia tree in his garden, and most of his time since has been spent calming the fears of his fellow villagers.

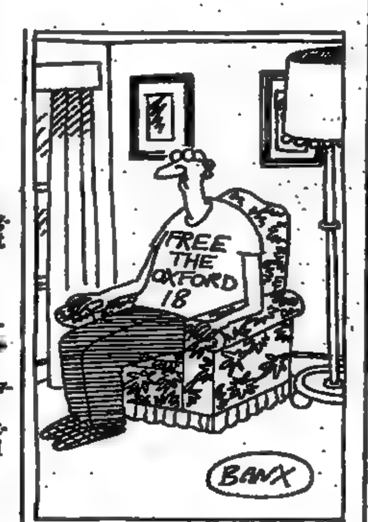
"I have been reminding them of those terrific gales in February 1953. I was in Birmingham at the time and they literally blew me off my feet."

February in Thirsk this year was the mildest since 1961, 4 deg F above average, but Foggitt still thinks we are heading for a little ice age. So, he says, does his dog, Polly, an animal of uncertain parentage, which forecasts snow by huddling as closely as possible to the fire.

Professional

■ Meanwhile, the world's leading climatologists who have been meeting in Edinburgh this week, scarcely talk about the weather.

"I suppose one or two people *may* have talked about the storms among themselves, but it's not an issue for us," says Dr Jim Ephraums, who is organising the meeting of the Intergovernmental Panel on Climate Change.



The panel is drafting a report on what the greenhouse effect will do to the world climate and what governments should do about it.

"By the time you realise what's happening, the action you take may be too late, or at any rate less effective," says Ephraums, who works for the Meteorological Office.

Man too many

■ Richard Westbrook of the Page Beaken PR consultancy points that the two insurance brokers shown entering Noah's Ark in the Bank cartoon yesterday were both male. We apologise. No hidden meaning.

Actors' tiffs

■ Some of the quarrels between the Royal Shakespeare Company and its landlord, the Barbican, seem to have been remarkably petty. For instance, the actors in Adrian Noble's production of The Plantagenets once signed their names on a wall to commemorate their relationship. The Barbican's maintenance men white-washed away this little piece of theatrical nostalgia within hours. The actors never forgave them.

Also, the actors are accused of being too grand to make much of the staff and artists' canteen. They say that they are embarrassed to appear in make-up. But Detta O'Caithain, the Barbican's new director, says that it is because they are snobbish.

All that came out yesterday, as arts correspondents gave a lunch for O'Caithain and Michael Attenborough, the producer brought in with Noble to run the RSC in future.

Some fence-mending has begun. The Barbican needs the RSC's international prestige – and the RSC needs the Barbican's peppercorn rent.

St David's Day

■ Small piece of political history yesterday: for the first time a British Parliamentary Select Committee heard evidence in song. The Committee has been meeting in Cardiff all week to hear evidence on a Private Member's Bill for the Cardiff Bay Barrage on the River Taff.

Rhodri Morgan, the Labour MP for Cardiff West – the constituency most affected – persuaded the Tory Chairman, Robert Hicks MP, to hear a protest song from the musician, Dave Burns. Accompanying himself on the mandolin, Burns sang The Grangetown Grenadier before the full committee yesterday: appropriately enough St David's Day. Morgan says it is the most popular song in Cardfiff and the performance by Burns marks the end of the barrage.

Equality

■ News item. Soft toilet rolls are to be issued to all Sheffield council employees after blue collar workers complained of discrimination because they were supplied with a coarser variety than management.

POLITICS TODAY

Towards the limits of capitalism

By Joe Rogaly

The argument about the limits of communism is over. Communism lost. The argument about the limits of capitalism is just beginning. One businessman's pot-shot in this debate was fired off by Mr Peter Morgan, the new director-general of Britain's Institute of Directors, on Tuesday. He spoke passionately in favour of the "enterprise culture," a phrase questioned by the Foreign Secretary, Mr Douglas Hurd, in a speech at the same conference. "I am not sure that 'culture' is the right word," said Mr Hurd. "It makes it sound as if enterprise is something that you grow rather painstakingly under glass, whereas the whole point of enterprise is that it is natural, it responds to human needs . . ."

Mr Morgan's tabloid phrases upstaged the Foreign Secretary, but it is the latter's speech that deserves the closest inspection, not least because its text was passed, with few amendments, by Downing Street. In fact the seeds of much of what Mr Hurd had to say about eastern Europe were planted by Mrs Margaret Thatcher in her Mansion House address last November. The Prime Minister was annoyed when, at the subsequent Strasbourg Conference, her new Foreign Secretary failed to pick up the thread in the manner she had been hoping for. She can have no complaints this week.

The unstated essence of the matter is that Britain is a social democracy governed by a party whose leading ideologists are economic liberals. It might have become a socialist country, if the nationalisations of the postwar period had stuck, but they have not. It is, however, a social democracy because it retains virtually all the elements of the welfare state created by the Labour government of 1945-51 and even some of the enhancements added by subsequent governments of both parties.

Not everyone approves of this. Mr Morgan presumably wants the safety net to be as frugally-defined as possible. "An enterprise culture is one in which every individual understands that the world does not owe him or her a living," he said. Right-wing think tanks supportive of the post-1979 Conservative Government have succeeded in suggesting ways in which Mrs Thatcher might chip away at the welfare state, but there it still remains, as its counterparts do in most of the rest of western Europe.

Meanwhile, social democracy itself is changing. Its most palatable form for the 1990s will be one that starts with an acceptance of the free market, private property, the price mechanism, and the various other accoutrements of capitalism, and ends with some redistribution of income through taxation and welfare. The Austrian and pre-1988 British Labour versions, among others, also include state control over selected industries. This idea is rapidly becoming a dead duck. The Swedish version has relied on an incomes policy, which is a very sick duck. It also grossly inflated the welfare element, and allowed for an excess of trade union power.

In the Europe of the 1990s it is the extent of these two latter elements in the mix rather than their existence that is likely to be the subject of serious political discourse. Socialists will be on the outside left, social democrats and Christian democrats in the middle, and economic liberals on the in-and-out right.

Some Left-wing ideologues cannot accept this picture of a future in which the governing parties are separated merely by the degree to which they say the wealth created by private enterprise should be redistributed. They propound "market socialism," a concept debated in a book of that title published by Oxford University Press last year (Editors Julian Le Grand and Saul Estrin). They should forget it. In a forthcoming Institute of Economic Affairs pamphlet Mr A. de Jasay, a piercing liberal analyst, tears market socialism to shreds. It is a contradiction in terms, he says. Anyway, you cannot have successful capitalist-style markets without genuine – not simulated – private ownership, price mechanisms and so on.

The argument will presumably be played out a number of times in Berlin, Warsaw, Budapest and Prague over the coming few years. Every bit of news reaching us from those capitals indicates that east Germany, Poland, Hungary, and Czechoslovakia are likely to end up social-democratic, or, if you prefer, capitalist-plus.

New-Right ideologists naturally favour hard liberalism – what Mr Hurd calls "vigorous capitalism" – as a driving force in foreign policy, and hope for its firm implantation in the freshly ploughed soil of eastern Europe. Mr Hurd has seemingly encouraging words for them. "There are some people in this country who believe the east Europeans will stop at some kind of Fabian halfway house, some kind of socialism with a human face," he said. "These are the same kind of people who until yesterday thought that the Sandinistas were extremely nice people who were really social democrats under the skin. I believe that both these thoughts are illusions . . ." Sticking the knife in deep, the Foreign Secretary went on, "You have to be pretty wealthy to sustain a welfare state on a Scandinavian scale. After all, the effort nearly broke Britain in the 1970s."

This kind of thinking underpins the arguments about British attitudes towards the European Community,

not to mention the prospects for eastern Europe. The EC is championed both in Downing Street and at the Foreign Office whenever it can be seen as a bulwark of economic liberalism, as it will be when the Single Market becomes a reality after 1992. It is distrusted – even, I suspect, by Mr Hurd – when it is seen as an instrument for the advancement of a bureaucracy that would either stifle business by regulation or tax it to death in order to promote welfare expenditure, as would happen if the evolution of a confederal structure were to be mishandled. "It really would be foolish, it really would be ludicrous, it would make us laughable in the eyes of our citizens if we spent, as Community politicians, this year discussing fresh commitments for the future whilst failing to carry through the European commitments which have already been undertaken," Mr Hurd said.

Most of the 11 other present members of the EC are living on a different ideological fault-line. France and Spain have nominally socialist but arguably social democratic governments; the others, whose parliaments are elected by proportional representation, sporadically make room for avowed economic liberals – and sometimes social democrats – in coalitions led by Christian democrats. Social democrat-led coalitions are just as likely to do the reverse. (This explains why in Britain the EC is welcomed by the Kinnockites of the Labour Party as a mechanism for spreading social democracy.) To most of the 11, the EC is unfrightening; it is something very like themselves. Its further strengthening can be contemplated in a mood that varies between equanimity and fervour; if it is to be a mechanism for keeping a united Germany within a controlled political family, so much the better.

This is one reason why the 11 are continuing the debate about further integration, while British efforts are devoted to other propositions. Mr Hurd suggested again on Tuesday that the east European countries should be given associate status at first, and full membership when they become full democracies. Mrs Thatcher is busy contemplating how to give new life to existing structures other than the EC, such as the 23-nation Council of Europe, or the 35-nation Conference on Security and Co-operation in Europe. She is planning to develop this thought, which is by no means Britain's alone, when she addresses an Anglo-German conference in Cambridge later this month.

These extra-EC initiatives are partly based on the honourable belief that a non-federal Europe, a Europe of nations bound voluntarily by various differing ties, would best maintain both peace and the free market, while not offending the Russians. In Britain, the same initiatives have the more worldly advantage of possibly distracting attention, both and home and abroad, from difficult matters like the further development of EC institutions.

In spite of that, people will not stop talking about the evolution of the EC. The Prime Minister is committed to British entry to the exchange rate mechanism of the European Monetary system, but it remains true that she will put it off as long as she can. She will only accept entry this year if all the other efforts bring to inflation under control are seen to have failed. It would then be a last-resort option. To her this matter, like all the others on her plate, is one item in a lifetime of politicking that has been devoted to "overthrowing socialism" or, more aptly today, to extending the frontiers of capitalism.

It is not an ignoble aim. The benefits of capitalism and enterprise are now almost universally acknowledged, outside Peking, Havana and Tirana. Where Mrs Thatcher has run into conceptual difficulty is in understanding why social democracy – capitalism with a conscience – is so popular. Thus her attempts to emulate the market in the National Health Service, and limit local social spending through the poll tax have diminished Conservative support. Privatisations are most beneficial where they create genuine competition; monopolies are another matter. Enterprise is at its most attractive when it involves the long-term creation of new wealth, and at its least when lucky individuals scoop up easy millions from a wash of credit-created money, simply by staging a management buy-out, a quick flotation, a junk-bond bid here, a piece of greenmail there. Capitalism is the best form of political economy yet invented, but most voters believe that it is not yet perfect. This simple fact will sum up most political debates of the coming few years.

LOMBARD

Another face of Islam

By Christina Lamb

ISLAM, for most non-Moslems in the West, is associated with images of fanaticism, violence and blood. This is partly the fault of Moslems themselves, who have failed to "market" their religion effectively to western public opinion, but partly also that of the western media. TV documentaries on the subject, for instance, often have names like "Sword of Islam," which reinforce hostile preconceptions.

In Britain, which is home to 1.5m Moslems, things have got much worse in the year since the publication of Salman Rushdie's The Satanic Verses. In the High Court this week Moslem groups are seeking authority to prosecute both Rushdie and his publishers for blasphemy. There have been numerous demonstrations (mainly non-violent), calling for the book to be banned, but it is the public burning of it – not in itself an illegal act – and above all the statements of self-appointed Moslem spokesmen such as Mr Kalim Siddiqi endorsing the late Ayatollah Khomeini's death sentence on the author, which have caught the public eye. Previously tolerant non-Moslems are asking what it says about a religion and its followers that the publication of one book can provoke a wave of international terror.

Unfortunately the moderate side of Islam, one of the world's most progressive religions that inspired some of our finest art and architecture, is being forgotten. The majority of Britain's Moslems, while anxious to defend their religion from the insult and blasphemy they see in Mr Rushdie's book, do not support the death sentence and would be more than happy if the offending passages were either voluntarily withdrawn or legally condemned. Many Moslems flinch when Mr Siddiqi appears on Newsnight claiming to speak for them. But their voices are rarely heard.

British Moslems find themselves faced with an uncomfortable choice, between appearing to disown their religion and closing ranks defensively behind fundamentalist leaders. Ironically the same young people who a year ago were worrying their parents with their over-adoption of western ways, skipping school for discos and forsaking halal for McDonalds, are now going to the mosques in droves and arousing new fears with talk of setting up Moslem vigilante groups: a move likely to cause a white backlash.

No TV cameras were present last weekend at the Queen Elizabeth II Conference Centre for a public lecture by the head of the Ahmadiyya Moslem community, whose message was that "Islam stands for peace." As the organiser, Mr Aftab Khan, President of the Ahmadiyya Association UK, commented wryly, "If we had Kalim Siddiqi here advocating death for Rushdie we'd be on News at Ten."

The Ahmadis know all about persecution. A minority sect, founded in Punjab 100 years ago, they have long been hounded by other Moslem groups who claim they were created by the British Government to split the Moslem world. In Pakistan they were officially declared non-Moslems in 1974, and in 1984 a fundamentalist campaign against them, with official connivance, forced their leader Mirza Tahir Ahmad to flee to London, from where he now gives guidance to his 10m following.

Even today Ahmadis are not allowed freedom of worship in Pakistan. Killings of them are a regular occurrence, condemned in a recent report by Pakistan's Human Rights Commission but denied by the government.

So it was ironic to hear Mirza Tahir speak of Islam as a religion of tolerance. "Islam does not permit the use of force for the spread of its message," he began. Clearly alluding to the Rushdie affair, he said that he had scoured the Koran but could find no mention of a punishment for blasphemy.

The rift between Moslems and non-Moslems over the last year will take more than one lecture to heal. Afterwards at Westminster tube station I asked a group of sightseers from the Midlands for their views on Moslems. "They're the ones that keep killing each other on TV," was one response.

LETTERS

History's verdict on the Howe Chancellorship

From Mr J. Wells.

Sir, It is pleasing to read of the Deputy Prime Minister's conversion to the cause of "manufacturing matters" ("Higher national priority urged," February 28).

But one does so with a sense of irony, tinged with anger, recalling the shock treatment to which UK manufacturing was subjected during his Chancellorship (1979-83).

Your readers will doubtless recall the adverse effects which monetary and fiscal deflation, interacting with growing North Sea production, managed to wreak on both the domestic demand for UK-produced manufactures and, via real exchange appreciation, overseas demand, as well.

Manufacturing output fell by -17.3 per cent from peak (1979 2Q) to trough (1981 1Q) – a larger decline than during the Great Depression of 1929-31. Manufacturing investment (including leased assets) fell by -32.8 per cent between 1979 and 1983 – to levels not seen since the mid-1950s.

The UK's share of world manufactured exports fell a further 1.7 per cent – from 7.9 per cent (1979) to 6.2 per cent (1983). Manufacturing profitability and profit margins fell to what must have been their lowest levels ever (see Bank of England, Quarterly Bulletin, May 1989). The manufacturing labour force decline by 1.7m (1979-83) – or by 23.4 per cent of its 1979 level.

The single indicator to have registered an improvement – and this only up to 1981 – was the manufacturing trade balance, and this mainly because domestic spending on manufactures was so depressed.

Remarkably, when Sir Geoffrey came to present the fruits of his stewardship of the economy to the electorate in 1983, not only was unemployment (at 10.5 per cent of the labour force) more than twice the 1979 level (of 4.1 per cent) but total gross domestic product was no higher than in 1979 and non-oil GDP was somewhat lower!

Lest it be thought that this harsh medicine was justified by the subsequent upswing, manufacturing output during the recovery grew at roughly the same rate as total GDP, with the result that the 3.4 per cent decline in manufacturing's share in GDP, recorded during his Chancellorship, has up to now not been reversed.

Surely, history's verdict on Sir Geoffrey's Chancellorship will be that, instead of using the North Sea energy windfall, available to him to modernise and reinvigorate the economy, it was partly devoted to accelerating UK deindustrialisation.

Still, more joy in Heaven over one sinner that repenteth . . .

John Wells,
Faculty of Economics and Politics,
University of Cambridge

Foolish, not courageous, budget

From Mr Harold Chorney.

Sir, As a Canadian economist on sabbatical in London allow me to correct the false image of a courageous Canadian Government in your editorial comment ("Canada's Brave Budget," February 22).

Mr Michael Wilson's budget, far from being courageous, risks plunging the Canadian economy into a repeat performance of the disastrous recession of 1981-82.

The real rate of interest in Canada is at an all-time high (over 7 per cent) and more than 400 basis points higher than the rate in the US. The Government's own budget forecasts unemployment to rise to 8.5 per cent throughout 1990 and 1991. The cuts that the budget announces in established programmes financing post-secondary education and hospitals come on top of earlier reductions in these already hard-pressed areas.

Canada's debt to gross domestic product ratio is half the ratio that existed in the post-war period, a period of unprecedented economic expansion. The current programme budget of the Government is in surplus by some C$ 8.9bn.

The burden of the debt, 82 per cent of which is owed to Canadian savers, is considerably worsened by the Government's high interest rate policy. The Department of Finance points out that every percentage point rise in the interest rate adds an additional C$ 1.3bn in interest charges.

THe Government's dogmatic adherence to a high-interest, austerity budget deserves to be called irresponsible and foolish rather than courageous.

Harold Chorney,
5 Nevada Street,
Greenwich, SE10

Standard of living index

From Lord McFadzean of Kelvinside.

Sir, It is widely believed that a cost of living index shows what it costs to live. It does not; it shows the cost of maintaining a given standard of living over a period of time.

It is possible "to beat the index" by changing consumption habits, for example, by reducing the purchases of alcohol and tobacco when prices increase in favour of less volatile and lower cost items.

Indirect taxes, such as excise duty and value-added tax, are included in the index; direct taxes are not. There is no logic in this. Income tax is often a substantial and, except at the margin, unavoidable item of expenditure in most individual budgets. If it had been part of the calculation, the cost of living index over the last few years would not have risen so sharply and Chancellors would have had a greater degree of flexibility in taxation policy.

McFadzean of Kelvinside,
Woodside,
Quarry Woods,
Marlow, Buckinghamshire

Difficulties in the way of explaining the Japanese stock market fall

From Mr M. Shah and Mr S. Wadhwani.

Sir, We are rather puzzled by much recent comment on the fall in stock prices in Japan.

It is commonplace to partially attribute the share price fall to increases in interest rates and higher oil prices. Yet, although share prices fell by as much as 10 per cent between February 19-26, oil prices actually fell (modestly) over this period, and Japanese government bond yields rose by a paltry 19 basis points.

Of course, it is possible that the market only gradually adjusts to new information.

Taking a longer perspective, Japanese bond yields have risen by 86 basis points during 1990, while equity prices have declined by about 15 per cent (by February 26). Historical evidence suggests that a rise in bond yields of 1 per cent is associated with about a 2 per cent fall in share prices. Further, oil prices (denominated in dollars) are, if anything, lower than at the turn of the year.

That leaves the third of the oft-cited "triple demerits" – the exchange rate. The yen has depreciated by about 3 per cent against the dollar since the beginning of the year. Past historical experience suggests that this should imply a fall of about 1 per cent in share prices. Hence, overall, the "triple demerits" appear to be able to account for only about one fifth of the actual decline in share prices.

Another common "explanation" that is currently offered for the fall in Japanese share prices is that they have been overvalued. Indeed, several analysts have been pointing to the fact that the yield ratio is rather high by historical standards. Implicit in the use of this criterion is the assumption that the Japanese market can be sensibly assessed by looking at the yield ratio. However, analysis over the last 20 years suggests that the yield ratio provides no guide to movements in Japanese share prices (in contrast to the UK or US).

It is not obvious why the market should suddenly begin to use conventional yardsticks like the yield ratio. A serious difficulty associated with the "it-is-overvalued" school of explanations of the Japanese stock price falls is that it is not clear that "fair value" in the Japanese context corresponds to western conventions.

We should also emphasise that, using conventional yardsticks, the Japanese market was just as "overvalued" at the time of the October 1987 crash, but that did not stop it from recovering its losses in that it rose by about 23 per cent during the first quarter of 1988.

It is probably unwise to conclude that any of the above necessarily implies a recovery in Japanese share prices. Only that, just like the worldwide crash of '87, the recent fall in the Japanese stock market is hard to explain.

Mushtaq Shah, Sushil Wadhwani,
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FINANCIAL TIMES
Friday March 2 1990

SEARCH FOR ALTERNATIVE TO STATE FUNDING

BBC go-ahead for world TV news

By Raymond Snoddy in London

BBC director general Michael Checkland: starting date soon

THE BRITISH Broadcasting Corporation (BBC) has decided to push ahead with the creation of World Television News, a television version of its World Service radio.

Mr Michael Checkland, director general of the BBC, said yesterday that he would announce a starting date for the service, which will begin as three half-hour programmes a day, within the next two months.

The project is likely to include Visnews, the London-based international television news agency controlled by Reuters, the news and information group in which NBC, the US network company, has a significant stake.

Visnews is important because it has rights to much international news footage and has also had ambitions to run its own international television news programme for several years.

Last month Mr Marmaduke Hussey, chairman of the BBC, made a renewed appeal to the British Government for funds to help launch the television news service, which would be distributed on cable and satellite systems although it could also be rebroadcast by conventional broadcasters in North America, Europe and the Far East.

"We are still trying to get some money from the Government. If we don't, we will do it another way," Mr Checkland said yesterday.

The BBC first made a pilot programme in 1986 and asked the Government for £7.8m ($13.2m) a year and in 1987, 230 MPs signed a motion in favour of the project.

After talks with the Foreign and Commonwealth Office the BBC scaled down its appeal to £3.4m over three years.

In March 1988 the Government not only turned down the request but also said the BBC could not use any World Service funds for the project.

Merchant bankers J. Henry Schroder Wagg were brought in to find alternative financing. Mr Checkland declined to say yesterday when BBC World Television News would be launched.

FT conference report, Page 10

Government rules out new action on House of Fraser

By Ralph Atkins in London

CONTROVERSY surrounding the takeover in 1985 of the British House of Fraser stores group by the Fayed brothers reached its final chapter yesterday with a Government announcement that there was insufficient evidence for criminal convictions.

The report by Department of Trade and Industry inspectors into the affair, which took more than a year to compile and was with the DTI for a further 18 months, is to be published next Wednesday.

Mr Nicholas Ridley, Trade and Industry Secretary, said he did not intend "to take any further action" in the affair, ruling out any attempt to seek the disqualification of House of Fraser directors.

His statement followed a brash and expensive campaign against the Fayed brothers by Lonrho, the international conglomerate headed by Mr Tiny Rowland. It brings to an end a 13-year battle for control of House of Fraser and its flagship, the Harrods store, involving a cast of colourful characters.

Lonrho has been pushing for publication of the report which it believes will be damaging to the Fayeds. A year ago The Observer newspaper published in a special edition what it said were extracts from the investigation, but circulation of details was stopped by a court injunction which is still in force.

The report by the DTI inspectors was passed to the Director of Public Prosecutions and the director of the Serious Fraud Office in July 1988. A decision on whether to prosecute is thought to have awaited a final piece of evidence from Brunei.

In a statement, the directors said they were satisfied that "all lines of inquiry" had been pursued. "The evidence available is insufficient to afford a realistic prospect of conviction for any criminal offence relating to any matter of substance raised in the report," they said.

Lonrho yesterday said the decision to publish was overdue. "When the public and the City sees the contents of the report, there will be a demand for action," it said.

House of Fraser said it was heartening that a 12-year episode in the history of House of Fraser – five years under our management and seven years under our predecessors – is now behind us."

At Westminster, Labour and Conservative MPs condemned the length of time it took the DTI to publish the report. Ms Marjorie Mowlam, the opposition Labour Party's spokesman on financial business, said the DTI had acted in a "shabby and unacceptable" way by making clear its intentions but not releasing the report until next week.

Mr Ken Warren, Conservative chairman of the Commons select committee on trade and industry, said he hoped future DTI investigations would be "more expeditious".

Baker says US ready to accept cut in aid to Israel

By Lionel Barber in Washington

THE BUSH Administration is prepared to accept cuts in foreign aid to Israel and Egypt in order to help emerging democracies in eastern Europe, Panama and Nicaragua, Mr James Baker, US Secretary of State, told Congress yesterday.

This was the first time the Administration has conceded publicly that it could support cuts to Israel and Egypt, the two largest recipients of US aid.

The Administration is campaigning to reduce congressional discretion over the allocation of aid, but many suspect that Mr Baker views the general issue as a specific way to prod Israel to play a more constructive role in Middle East peace talks.

Appearing yesterday before the House sub-committee on foreign operations, Mr Baker indicated growing frustration with the Israeli Government.

"We've done pretty much all we can do, we think, from our end, and we are awaiting a response from the Israeli Government. We're coming very close to the time when we will know one way or the other whether we have a chance of succeeding."

Together, Israel and Egypt are expected to receive around $3bn and $2.1bn respectively this year – as part of the $14.6bn foreign aid budget – as a result of their participation in the Camp David Middle East peace accords 10 years ago.

Mr Baker made clear that the Administration would support cuts in aid to Israel and Egypt only on condition that it is part of a broader, across-the-board reduction of US assistance to other friendly countries.

Mr Baker wants to change the practice whereby Congress earmarks almost 90 per cent of funds to its favoured sources. Both he and President Bush are concerned that it allows little flexibility to respond to the demands of the newly independent Eastern European countries such as Poland, Czechoslovakia, and Hungary.

The Administration also wants to help Panama, the victim of three years of US economic sanctions and last December's invasion, which finally removed General Manuel Noriega. Last Sunday's upset election win by the US-backed Nicaraguan opposition has created a second unforeseen demand for US financial support.

The US is attempting to encourage talks between Israeli and Palestinian delegations as a first step towards elections in the occupied territories of the West Bank and Gaza. Israel's forum of four top ministers is due to meet today to respond to the latest US proposals.

US and Japan near accord on new supercomputer sales pact

By Robert Thomson in Tokyo

JAPAN and the US appear to be close to agreement on the sensitive issue of public procurement of supercomputers, which Washington has listed under the punitive Section 301 trade provision.

After two days of talks in Tokyo, a US trade official said last night that the two countries had agreed on several areas of a new government purchase agreement. The proposed new agreement would replace a 1987 pact under which US companies are yet to sell a supercomputer to Japan.

US officials have complained that large discounts demanded by Japanese academic and research institutes have precluded competition by US makers, and the Japanese Government has responded by agreeing to increase budget allocations for supercomputer purchases to reduce the need for discounts.

A US trade official said that Japanese negotiators also showed that they "clearly accepted" the need for tighter control of anti-monopoly laws, and that the government "intends to enforce them". Tenders for computer contracts in Japan have been highlighted by Y1 bids for design contracts by Japanese makers, who have been ordered to stop the practice by the government.

"This is not a discussion at all about market allocation. It is about full and fair market opportunity," the US official said.

Supercomputers, wood products, and satellites have been listed under Section 301, and the US Trade Representative's office is required to deliver a report to the US Congress in April on progress on these issues.

US officials said yesterday that they and Japanese trade officials want to finalise a new supercomputer agreement before the April report, in the interests of placating Congress.

■ Peter Riddell adds from Washington: President George Bush will seek to revive the stalled trade discussions between the US and Japan when he meets Mr Toshiki Kaifu, the recently re-elected Japanese Prime Minister, in Palm Springs, California, today.

However, senior Administration officials are stressing that the meeting is not a "negotiating session" and no breakthroughs can be expected on specific trade issues.

The White House wants a far-ranging review of the bilateral relationship into the 1990s, stepping back from immediate problems. The State Department, in particular, wants to examine broader aspects of the relationship which it fears is in danger of being dominated by trade disputes.

The Japanese Government also yesterday attempted to draw attention away from the trade significance of the summit.

Mr Noboru Hatakeyama, the director-general of trade policy for Japan's Ministry of International Trade and Industry (Miti), said "many items will be discussed", and while the Structural Impediments Initiative (SII) on trade is to be raised, there "will be no need for discussions in great detail".

Nevertheless, Mrs Carla Hills, the US Trade Representative, who will attend the meetings, has said trade will "most assuredly be on the agenda."

Mr Hatakeyama admitted that Japan's three most senior SII negotiators will be travelling with Mr Kaifu, and he insisted that the government has the political will to succeed in SII: "I don't think it is right for our US colleagues to have criticised us that way."

Mrs Hills said she hoped that Mr Kaifu would come with some information about how he is going to address these trade issues, "but more importantly the president can describe, vividly, how very much we need progress."

China toughens stance over Hong Kong passports

By Colina MacDougall in London

CHINA hardened its attitude yesterday to the proposed British government offer of passports for 50,000 Hong Kong families by announcing that the passports would not be recognised when China regains the colony in 1997.

The British Government had hoped that the passport package would help stem further destabilising emigration of professionals and key government officials from the territory.

Li Zhaoxing, spokesman for China's Foreign Ministry, yesterday made it clear that Hong Kong people who wished to change nationality would need Peking's permission.

He delivered a statement declaring that "any Chinese citizen who resides in China and wishes to acquire foreign citizenship must first of all apply and obtain approval to forfeit his or her Chinese citizenship."

The increasingly tough stance implies determination to stamp out any outside allegiances within Hong Kong after the handover, no matter what the cost in terms of lost expertise now. The British package was intended to assure key Hong Kong personnel that they could safely stay in the territory and at the same time acquire another passport.

China's statement also appeared to be aimed at bolstering opposition among Britain's MPs over the parliamentary bill legalising the passport package. This is already facing trouble from about 80 Conservative MPs who object to the extension of immigration into Britain.

Peking may also be increasingly concerned at the potential growth in number of overseas havens for Hong Kong people.

In London yesterday it was understood that Government was close to agreement with Australia, Canada, France, the Netherlands, Italy, Japan and Singapore on details of a deal to offer passports to key Hong Kong citizens who work for companies based in those countries.

Peking's statement made it clear that "Chinese citizens," as Peking defines Hong Kong residents, would not enjoy British consular protection in China or Hong Kong after 1997, when the territory reverts to Chinese sovereignty.

China objected strongly to the package in December when it was first announced, calling it "a gross violation of (the British) solemn commitment" in the Sino-British Joint Declaration of 1984.

This allegation has already been rejected by both the British and the Hong Kong Governments. Yesterday's statement repeated the December warning that China reserved the right to "take appropriate measures," while expressing the hope that the British side would consider the "overall situation" and "refrain from carrying out this wrong practice."

The statement follows amendments passed two weeks ago to the Basic Law for Hong Kong, the post-1997 constitution for the territory, which prevents people entitled to a foreign right of abode from holding top posts, including those of Chief Executive, membership of the Legislative Council and of Chief Justice after the handover. These were pushed through at the final plenary session of the Basic Law drafting committee.

THE LEX COLUMN

Lesson of history for the Royal

The headline news about Royal Insurance is wild British weather and the exceptional losses due this year of at least £50m net. But the 7 per cent yield at which the shares came to rest last night is not a firm platform below which they cannot plunge further. The deeper issue in yesterday's 43 per cent fall in annual pre-tax profits was additional evidence that Royal's US business has dragged it into a position not unlike Commercial Union's in the mid-1980s.

The problem is smaller, since Royal's managers have never been as batty as CU's once were and Royal's UK business is very nearly as blue-chip as Sun Alliance's. But Royal has $800m-plus of net assets locked in the US, where it has delivered £142m of pre-tax losses in the last two years, with no clear sign of significant price increases in commercial lines in 1990 and questionable prospects of a good long-term return. Even excluding 1989's $165m of additional reserving for old policies, Royal's combined ratio (claims and expenses as a percentage of premiums) last year was way below the industry average.

The problem is to see how Royal can extricate itself on reasonable terms from a US entanglement which is prejudicing its dividend potential and its ability to finance growth at a time when the grand French-led reshuffling of European insurance has placed a new premium on size. On the basis of Zurich Insurance's recent purchase of Maryland Casualty, Royal would get no more than book value for Royal US. But the idea that mega-mergers among UK composites may be needed, as they were in similar operating conditions in the late 1950s, offers one way out.

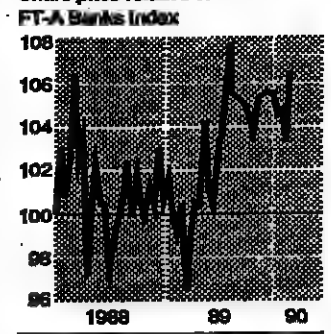
Barclays

Amid all the good news from Barclays yesterday about topics as diverse as UK bad debts and BZW's Japanese equity business, it was easy enough for investors to ignore some of the small print. The relevant detail is that Barclays's return on equity dropped a point last year, to 26 per cent, which is some way short of the 29 per cent level seen just five years ago.

It was fair enough, as far as it went, for the market to bid the shares up 11p on the back of the 19 per cent dividend increase and the move to 70 per cent provisioning against LDC debt exposure. The snag is that the stock has already had an excellent run against the sector in the last 12 months. Leaving Midland out of account as a special situation, any substantial re-rating of Barclays in 1990 against NatWest and Lloyds would seem to imply an assumption that Barclays is about to break through into some new era of sustainably superior profitability.

Barclays

Share price relative to the FT-A Banks Index



That is precisely where debate ought to start. On an operational level, Barclays' mere 52 per cent increase in UK bad debt provisions to £187m, against the clearers' sector average of 124 per cent, looks like convincing evidence that Sir John Quinton's post-rights issue dash for growth has not backfired. But it is only when Barclays' indices for return on capital start moving ahead again that the market will have conclusive evidence that a £900m-plus cash call was fully necessary.

GrandMet

The more one hears about the proposed deal between Grand Metropolitan and Elders, the more it revives old doubts about GrandMet's overall strategy. Granted, the details are still muzzy, with the Australian camp leaking like a sieve in hopes of hustling things along and GrandMet dragging its heels in silence. But it now seems fairly clear that after selling its breweries to Elders for some £400m, GrandMet is then to spend the proceeds in tendering for some 20 per cent of Elders' equity.

This seems a distinctly odd move for a company which has only recently made up lost ground in the market's eyes after the Pillsbury deal. Mr Elliott's reputation is not what it was, given suggestions of overgearing in his Harlin vehicle, scurrilous comparisons with the hapless Mr Bond. Keeping such company will scarcely raise GrandMet's standing with the average timorous fund manager.

Nor is it clear what the balance sheet of a demerged Elders brewing business would look like. If it were ungeared and free from claims on its cash flow, the rest of the Elliott empire would be deprived of its main cash generator. If not, it is even less clear why GrandMet should get involved, especially since it is supposed to have an alternative cash buyer for its breweries.

As part of the deal, GrandMet would emerge as property manager of the biggest pub estate in the UK. This has its attractions, especially since GrandMet might net £500m or so from the sale of its pub leases to the new joint venture. But for a company which has attracted criticism over its accounting policies in the recent past, creating a huge off-balance sheet vehicle is scarcely good investor relations either.

Foreign & Colonial

Yesterday's figures from Foreign & Colonial are a useful reminder of the long term attractions of investment trusts. Over the last ten years, Foreign & Colonial shares have outperformed all but four of the stocks in the FT-30. The shares have even managed to outperform the Morgan Stanley World Index over the past three years. And in 1989, its international portfolio outperfomed the All-Share by a good margin.

There is, of course, no guarantee that F & C can repeat the trick. So far in 1990 it is underperforming the sector because of the strength of sterling. Assets per share have dropped to around 180p and the discount, having briefly fallen to 13 per cent last year, has widened to 18 per cent. But for such a staid-sounding institution, F & C is prepared to tolerate a surprsing mismatch between its investments and its currency exposure. And as its recent £110m debenture showed, it is willing to exploit its ability to gear up for growth.

F & C is relatively bullish about the prospects for equities, on the basis that interest rates are likely to fall faster than markets currently expect. A keen contrarian, it has even been a recent buyer of D-Mark bonds. The really determined contrarian, on the other hand, might simply deduce that F & C is due for a spell of underperformance.

UK Tories try to limit poll tax damage

Continued from Page 1

ride out the immediate storm and to prepare to soften next year's bills by making more funds available. One Cabinet minister said: "The structure of financing will remain the same. We can argue about the cash."

Many high-spending councils are, however, still expected to be charge-capped once detailed budgets become known later this month.

Mr Baker yesterday defended the tax as more fair and efficient than domestic rating, but acknowledged that the Government had to "go back to first principles" to persuade people of its merits. He has written to all local Conservative associations in advance of the May council elections, calling on them to promote the poll tax strongly and to attack the alternatives put forward by other parties.

Treasury officials are bracing themselves for an unwelcome rise in inflation. "I am sure it will be something horrible," said one Whitehall official. "My feelings on this are all pessimistic."

Although the poll tax has the effect of boosting the retail prices index, its impact on inflation as recorded by the gross domestic product deflator will be depressive. This year the effect will be to cut the GDP deflator by 2 percentage points or more.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	[illegible]	61	Dubrovnik	C	13	[illegible]	[illegible]	S	19	66	Rhodes	S	13	55
Algiers	S	23	73	Edinburgh	F	4	39	Manchester	Sl	2	36	Rio de J'o	C	32	90
Amsterdam	C	[illegible]	41	Faro	S	17	63	Manila	C	32	90	Rome	C	17	63
Athens	S	[illegible]	61	Florence	C	[illegible]	[illegible]	Melbourne	–	–	–	Salzburg	C	7	45
Bahrain	S	[illegible]	[illegible]	Frankfurt	F	6	43	Mexico City	R	23	73	San Francisco	F	[illegible]	[illegible]
Bangkok	F	33	91	Funchal	C	17	63	Miami	R	18	64	Seoul	F	12	54
Barcelona	F	17	63	Geneva	C	[illegible]	[illegible]	Milan	S	19	66	Singapore	F	[illegible]	[illegible]
Beirut	–	–	–	Gibraltar	S	[illegible]	[illegible]	Montreal	F	-14	7	Stockholm	C	1	34
Belfast	C	5	41	Glasgow	F	[illegible]	[illegible]	Moscow	C	3	37	Strasbourg	S	[illegible]	[illegible]
Belgrade	R	14	57	Guernsey	F	[illegible]	[illegible]	Munich	F	6	43	Sydney	–	–	–
Berlin	C	5	41	Helsinki	Sn	[illegible]	[illegible]	Nairobi	F	27	81	Taipei	R	20	68
Biarritz	C	12	54	H. Kong	C	[illegible]	[illegible]	Naples	C	15	59	Tangier	C	15	59
Bombay	–	–	–	Innsbruck	F	7	45	Nassau	C	[illegible]	77	Tel Aviv	C	[illegible]	[illegible]
Bordeaux	F	11	52	Inverness	C	1	34	New Delhi	S	[illegible]	61	Tenerife	S	[illegible]	[illegible]
Brussels	F	[illegible]	43	Islamabad	F	[illegible]	[illegible]	New York	F	-4	25	Tokyo	C	[illegible]	50
Budapest	C	[illegible]	[illegible]	Istanbul	F	[illegible]	48	Nice	S	22	72	Toronto	F	-8	18
B. Aires	C	26	79	Jakarta	F	[illegible]	86	Nicosia	S	15	59	Tunis	S	[illegible]	[illegible]
Cairo	F	[illegible]	[illegible]	Jersey	F	8	46	Oporto	F	[illegible]	[illegible]	Valencia	S	19	66
Cape Town	S	25	77	Jo'burg	–	–	–	Oslo	F	3	37	Venice	S	14	57
Caracas	C	25	77	Lima	F	[illegible]	[illegible]	Paris	F	[illegible]	43	Vienna	S	[illegible]	[illegible]
Casablanca	F	[illegible]	[illegible]	Lisbon	F	15	59	Peking	S	8	46	Warsaw	R	[illegible]	[illegible]
Chicago	F	-4	25	London	S	8	48	Prague	F	4	39	Washington	F	-1	30
Cologne	F	3	37	Los Angeles	C	12	54	Reykjavik	C	-9	16	Zurich	Sl	5	41
Copenhagen	R	4	39	Luxembourg	C	3	37								
Corfu	F	13	55	Madrid	S	12	54								
Dallas	Dr	3	37	Majorca	S	21	70								
Dublin	F	3	37	Malaga	S	23	73								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

Inflation fears give markets battering

Continued from Page 1

government bonds and futures lost about 1½ points.

"The markets took fright at the mere mention of a one-for-one currency swap," said Mr Kit Juckes, an international economist at Warburg Securities, the London investment house.

While German equities held up, the D-Mark suffered on fears of the inflationary impact of an inflow of savings into West Germany. The D-Mark weakened against the French franc and the pound.

The West German currency had declined steadily against the dollar throughout the week, but yesterday its fall speeded up. It ended at DM1.7105 to the dollar, after 1.7000 at Wednesday's close and well below 1.6755 last Friday.

Fears about currency union and inflation also distressed the London share market, which suffered a delayed reaction to Wednesday's worse-than-expected trade figures.

The FT-SE 100 fell 17 points to close at 2,238.4, as the markets reconsidered the £1.9bn ($3.2bn) January trade deficit. The pound was down to 89.3 on its trade weighted index, after 89.9 the previous day.

The poor trade data inflicted further losses on UK government securities. The market lost ¾ point after a severe 1½ point fall on Wednesday. Worries that the community charge, the reformed local tax being introduced by the Government, would push up UK inflation also drove gilt yields up, with price losses of ¾ point.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 2 1990

INSIDE

Union Carbide goes it alone

Union Carbide, battered through the 1980s by a recession, the Bhopal tragedy, the forced sale of some of its best businesses and a fight to retain its independence, has decided against another big restructuring. The news disappointed Wall Street, which had enjoyed a spate of rumours in recent weeks about pending joint ventures and asset sales. Roderick Oram reports. Page 23

'Take the money and run'

Shareholders in Bond Media, the television and radio arm of Mr Alan Bond's debt-ridden empire, were yesterday warned by Mr Kerry Packer, left, head of Television Corporation of Australia, that receivership or liquidation was the only alternative to accepting TCA's audacious bid for the company. Last Thursday Bond Media formally rejected TCA's one-for-10 offer, valuing Bond Media shares at 10 cents and the company at only A$53m (US$40.8m). Page 23

A stitch in time . . .

The growing row in Germany between DG Bank and nine French banks over disputed bond transactions raises some important issues for the Euromarket. In particular, it has highlighted the need for efficient and binding trade confirmation systems. Page 25

Mating call misses the mark

Prospects for iron ore producers look better now than they have for a decade. But that did not stop the 1990 iron ore "mating season" grinding to a temporary halt last week. Talks in Germany and Japan, the most important consumers in the international market, floundered and, to everyone's surprise, a strange lull crept over the market as both sides sat tight and contemplated their next moves. Page 29

A touch of the glums

India's stock markets have been feeling rather sorry for themselves lately. With only the first results of the country's assembly elections through, the markets have been reacting cautiously and the 30-share index of the Bombay Stock Exchange fell by 4 points to 676.23 on Wednesday. Page 44

Airlines fly into stormy weather

Canada's two big airlines, Air Canada and PWA Operations, hit heavy turbulence in the fourth quarter of 1989 because of a bitterly cold December, a 20 per cent jump in fuel prices and widespread cutbacks in business travel. Robert Gibbens reports. Page 23

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Lahmeyer	960	+	13	Eurocom	1775	+	15
Falls				**Falls**			
Daimler-Benz	851	−	14	CGIP	1220	−	50
Hoesch	306.3	−	5.7	Elf Gabon (Fin.)	1780	−	18
Karstadt	602	−	13	GTM-Entrepose	1232	−	68
Preussag	397	−	3.5	Perrier	1450	−	22
NEW YORK ($)				Sanofi	1004	−	20
Rises				**TOKYO (Yen)**			
Apple Comps.	34¾	+	¾	**Rises**			
ASARCO	26¾	+	1⅜	Aomori Bank	1380	+	200
Falls				Hitachi Sales	1300	+	180
Digital Equip.	75	−	1⅜	Kasai Kogyo	1440	+	150
Exxon	46¾	−	⅜	Morishita	1710	+	210
Telematics Intl	3⅛	−	½	Ogaki Kyoritsu	1340	+	190
USAir Group	31	−	1	Riken Electric	1240	+	160

New York prices as at 12.30pm.

LONDON (Pence)							
Rises				Burmah	598	−	10
Barclays	580	+	11	GKN	382	−	3
Brent Chems.	141	+	14	Hawker Siddeley	615	−	5
Dalton & Wass.	528	+	5	Lucas Inds.	577	−	5
Camford Eng.	308	+	64	MEPC	481	−	5
ICI	1051	+	2	Miller (Stan.)	73	−	16
Lanca	36	+	6	Royal Ins.	483	−	12
Maxwell Comms.	199	+	2	Siebe	417	−	11
Saatchi	150	+	8	Sun Life	1168	−	42
WPP Grp.	642	+	13	THORN EMI	680	−	17
Falls				Unilever	622	−	6
Brit. Aerospace	499	−	5				
BTR	409	−	3				

Barclays adds £1bn to provisions

By David Lascelles, Banking Editor, in London

BARCLAYS Bank added almost £1bn ($1.7bn) to its Third World provisions yesterday, bringing to £4.6bn the total amount that the Big Four UK clearing banks set aside in their 1989 accounts.

Sir John Quinton, the chairman of the UK's largest banking group, said the provisions marked "the end of an era" in which "the familiar and highly regrettable story" of developing country debt had burdened his bank's profits.

Barclays' provisions mean it has now covered the equivalent of 70 per cent of its exposure to problem countries. However, Barclays does not include South Africa in that figure. If that is added, the provision level falls to 64 per cent.

Barclays had been expected to boost its reserves after Lloyds and NatWest decided to raise their cover from 50 per cent to about 70 per cent last year.

Only Midland Bank opted not to make a further charge in the second half, claiming that its existing provisions of 50 per cent were adequate and conformed to guidelines laid down by the Bank of England.

The effect of Barclays' charge was to halve its pre-tax profits. These came out at £692m compared with £1.4bn in 1988.

This fall included the impact of a further £32m of provisions against the controversial local authority swaps problem.

Barclays is the only bank to report results since last week's Appeal Court ruling which legitimised a portion of the swaps entered into by the authorities.

But Barclays said that it had made a provision against its entire exposure because the case continues with an appeal to the House of Lords.

Barclays' results showed that the bank had benefited from strong loan growth in the UK corporate market last year and from a rise in sales of services such as life insurance and pensions. Another gainer was Barclays de Zoete Wedd, Barclays' investment bank, which raised profits by two-thirds to £54m despite the slump in the securities markets and the swaps problem. Both its equities and fixed income businesses are operating profitably.

However, other parts of the Barclays group suffered from the effect of high UK interest rates. Barclaycard, the UK's largest credit card operation, saw profits slump as cardholders cut back on their borrowings and Mercantile Group, the leasing subsidiary, was also sharply down.

Sir John said he expected conditions to remain difficult in 1990 because the Government would be obliged to keep interest rates high to combat inflation. But he said he believed Barclays' loan exposure would be "manageable" because it had been cautious about assuming risks.

In the vulnerable leveraged finance market, Barclays was involved in 160 deals with an exposure of £1.5bn. "But there are very few that give us any concern," he said.

All the clearing banks are now claiming that they have finally got the Third World debt problem behind them. Their provision levels compare favourably with those of most continental European and Japanese banks and are ahead of those set by the majority of large US banks.

Lex, Page 20

Time to pull more tricks out of the hat

Laura Raun and **Michael Skapinker** on the challenge facing Philips' president-designate

Mr Jan Timmer, president-designate of Philips, the Dutch electronics giant, is a realistic man. He admitted yesterday that the company had no chance of meeting its ambitious goal of earning Fl 8bn ($1.6bn) on sales of Fl 90bn by its 100th anniversary in 1991. Setting targets was dangerous, he explained.

Mr Cor van der Klugt, the current president, yesterday revealed net income of Fl 1.37bn on sales of Fl 57.2bn for 1989. He expressed satisfaction at what he called "considerable progress. The ship is on course," he said.

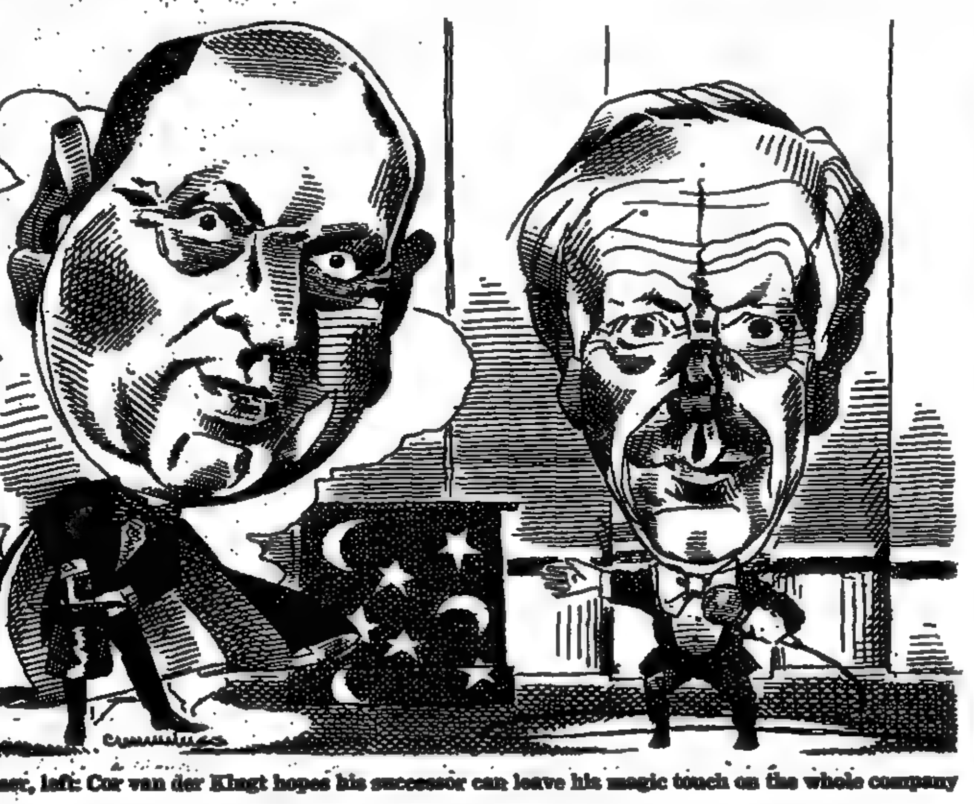
For 1990 he predicted that "net income from normal business operations will further increase. It is virtually impossible to predict the effects of the uncertain situation surrounding currencies and interest rates. However, Philips hopes to improve its total net result this year," he added.

Mr van der Klugt played down the possible negative impact of rising interest rates this year, insisting that Philips managed its money carefully. In 1989 the Dutch company slashed its financial expenses to Fl 1.32bn from Fl 1.97bn.

Mr van der Klugt, who has been president since 1986, embarked two years ago on a sweeping reorganisation plan designed to make Philips more profitable, efficient and – most important – competitive with the Japanese. On the evidence of yesterday's results he has only partially achieved his goals.

The one product division that has shown unequivocal improvement is the once-ailing consumer products business, which has been headed by Mr Timmer since 1987. The question is whether he will be able to work his magic on the rest of the company when he takes over the helm next July.

Mr van der Klugt will hand over to him a leaner Philips which has closed about 75 of its 420 factories and cut its workforce by 32,000 over the past three years. Profitability measured by net income as a percentage of sales improved to 2.4 per cent in 1989 from 1.6 per cent in 1987, although still below Philips' goal of at least 3 per cent.



Jan Timmer, left: Cor van der Klugt hopes his successor can leave his magic touch on the whole company

In North America, a market that Philips considers crucial to its success, the company suffered a loss of Fl 360m last year compared with a profit of Fl 37m in 1988. Consumer products' operating income jumped to Fl 1.1bn in 1989 from Fl 827m the year before.

The results demonstrate that while Philips has great strengths in areas such as colour televisions, it is failing to make the grade in information systems and integrated circuits, which are both making losses.

Philips' four core activities – lighting, consumer products, professional electronic systems and electronic components – are all doing badly. Electronic components lost Fl 125m in 1989 and professional electronic systems' profits plummeted to Fl 40m from Fl 368m.

Mr van der Klugt stressed yesterday that it was vital for an electronics company such as Philips to remain in the computer business, despite losing "hundreds of millions of guilders" in this sector last year.

The company had separated its information and communication systems businesses to respond more flexibly to customers, he said. He also promised new products and hinted strongly that Philips might take over a computer company this year.

The integrated circuits (IC) division was also in the red last year, with semiconductor prices plunging in the product areas in which Philips is active.

Philips is a leading contributor to European IC collaboration projects such as Eureka, the Joint European Submicron Silicon Initiative (Jessi) and the Megaproject with Siemens of Germany. However, there have been suggestions that Philips is falling behind companies such as Siemens in developing new-generation semiconductor products. The German company recently announced that it was collaborating with International Business Machines of the US in developing the 64-megabit dynamic random access memory (D-Ram) chip.

"The IBM-Siemens collaboration does not hinder us," Mr van der Klugt claimed. "We are happy about it." He added that the two partners would contribute their know-how to the Jessi project.

If Mr van der Klugt's strategy on computers and ICs is failing to dent scepticism in some quarters, it is not dimming the cheerfulness of Mr Timmer. "In both areas we've put in new management," he said. "The tasks they face are phenomenal but so were the tasks we faced in consumer electronics a couple of years ago.

Mr Timmer stressed that he would not depart radically from the policies of Mr van der Klugt. However, he said that further streamlining could not be ruled out.

Mr Timmer looks as if he will be less sensitive to criticism than the sometimes prickly Mr van der Klugt. When asked whether Philips was dumping television sets in the US, Mr Timmer replied dryly: "TV sets are more expensive in Europe than in America. We can only hope that prices in America rise."

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Relly to retire as chairman of Anglo

By Jim Jones and Patti Waldmeir in Johannesburg

MR GAVIN Relly, the chairman of Anglo American Corp, the South African industrial and mining conglomerate, and the first white businessman to meet Mr Nelson Mandela, the leader of the African National Congress (ANC), after his release, is to retire at the end of the month.

His successor will be Mr Julian Ogilvie Thompson, the chairman of De Beers. Mr Ogilvie Thompson will retain his chairmanship of the diamond company.

Both Mr Relly and Mr Ogilvie Thompson have spent their entire working careers with the Oppenheimer group, which encompasses Anglo, De Beers and Minorco. Mr Relly was appointed chairman of Anglo in 1983 following the retirement of Mr Harry Oppenheimer, whose family founded the Anglo group.

In Johannesburg yesterday Mr Ogilvie Thompson said his appointment was unlikely to lead to any fundamental changes in Anglo's direction. Mr Relly will continue to serve the group largely as a roving ambassador.

Mr Ogilvie Thompson has taken over the chairmanship of Anglo at what is arguably one of the most uncertain times for South Africa's mining industry. In recent weeks the ANC has repeated its plans for nationalising the country's mines, banks and "monopoly" industries.

Last night Mr Ogilvie Thompson said he believed the best means of spreading the country's wealth more evenly lay not in nationalisation and redistribution, but in ensuring that the economy grew strongly, permitting greater spending on social services such as healthcare and housing.

He said that Anglo was devoting an increasing amount of money to training black employees and said that this would eventually lead to the group's managerial structure becoming more representative of skilled employees. He expected the group to have its first black executive director this decade.

Mr Ogilvie Thompson, 56, said he would devolve more responsibilities in De Beers, a development observers in South Africa believe will ultimately pave the way for Mr Nicholas Oppenheimer, Mr Harry Oppenheimer's only son, to head the diamond company.

Mr Relly, 64, has long been an outspoken critic of apartheid. In 1985, he defied the wishes of Mr P. W. Botha, the former President, by leading the first delegation of white businessmen to meet ANC leaders.

Cardo buys world's biggest rail brake group for SKr1bn

By Robert Taylor in Stockholm

CARDO, the Swedish industrial holding company affiliated to the Volvo group, has bought for SKr1bn ($163.7m) the Pennsylvania-based Wabco (Westinghouse Air Brake Co) Railway Products, the world's biggest railway brake manufacturer which is part of American Standard.

The acquisition of Wabco Railway, which has an annual turnover of SKr1.8bn, strengthens still further Cardo's strategic dominance in the railway brake industry. It follows last November's creation of the Brussels-based company jointly owned by Cardo and Lucas Industries, Equipments Ferroviaires Européens (EFE), with an initial turnover of SKr900m.

The Swedish company will acquire the North American operations of Wabco as the main investor but in co-operation with an investment group made up of Wabco Railway's own management. Cardo has the option to buy all the shares in the company after five years. But the North American joint venture will not be consolidated immediately into the Cardo group.

Cardo will acquire all of Wabco's railway operations outside North America, which have a SKr500m annual turnover. These include its main subsidiaries in Italy and France, its sales organisation in Austria, Switzerland and Belgium, and the sales rights of Wabco railway companies around the world.

Under the agreement Wabco Railway and EFE will co-ordinate their European activities. They will form the biggest supplier of complete brake systems for rail traffic with production units in Sweden, UK, France and Italy. Both sides believe there will be "essential synergic effects" in areas such as product development, production and marketing.

Cardo claimed that the new acquisition would make it "the strongest and most complete company among the world brake system suppliers to the expanding railway industry." It is now estimated that EFE/Wabco Railway will have 40 per cent of the world share of the locomotive brake market with a turnover of SKr2.6bn a year.

Mr Lennart Nilsson, Cardo's president and chief executive officer, said that the sales prospects for railway brake systems was excellent. "Investment plans indicate a heavy increase in rail bound traffic," he added. "A massive re-equipment and extension of the railway system has begun, especially in Europe."

Maxwell sells US printing arm

By Raymond Snoddy in London

MR ROBERT MAXWELL, the UK entrepreneur, yesterday completed his transformation from printer to publisher by selling Maxwell Graphics, his US printing company, for US$510m.

The chairman of Maxwell Communication Corporation (MCC) was in typically ebullient mood yesterday as he described the effect of the disposal to Quebecor Printing of Canada, a subsidiary of Quebecor, the publishing and forest industries group.

"In 13 months we have achieved the conversion from 80 per cent printer and 20 per cent publisher to a 100 per cent publisher," said Mr Maxwell.

He still owns two printing plants in France, which will be sold, and held on to a minority stake in BPCC, his British printing company, when he sold it to its management just over a year ago.

Mr Maxwell is also keeping a toehold in the American printing industry. Maxwell Communication, through its Canadian subsidiary, has acquired 25.8 per cent of the present share capital of Quebecor Printing for US$100m.

Caisse de dépôt, the Quebec pension and insurance group, has also invested US$112.5m in specially-issued Quebecor Printing convertible debentures.

The deal means that Quebecor will have 57.5 per cent of the printing company, Caisse de dépôt 22.5 per cent and MCC 20 per cent.

Apart from wishing to move from printing into publishing, the Maxwell disposals have been designed to reduce debt following the acquisition of Macmillan, the US publisher.

Most of the proceeds from the sale of Maxwell Graphics, which had profits of $50m last year before tax and interest, will go to reducing debt.

MCC says its disposal programme now totals around $3.75bn, of which around $1.4bn has come from the sale of the three main printing businesses.

The disposals now add up to slightly more than the cost of the original Macmillan deal and further sell-offs are unlikely.

The deal will also cement Mr Maxwell's relationship with Mr Pierre Peladeau, chairman of Quebecor.

Both MCC and Quebecor already have a joint interest in Donohue, the Quebec newsprint and pulp manufacturer.

Special gains boost Philips income

By Michael Skapinker and Laura Raun in Eindhoven

PHILIPS, the Dutch electronics group, reported record net income, up 30 per cent to Fl 1.37bn ($721m) in 1989.

Net income in 1988 was Fl 1.06bn. Per-share earnings were Fl 5.16 compared with Fl 4.12 the previous year. Sales for 1989 edged up 2 per cent to Fl 57.2bn from Fl 56.1bn.

Net income was lifted by lower financing charges and higher extraordinary income. Finance expenses fell 33 per cent to Fl 1.32bn from Fl 1.97 while extraordinary gains rose 11 per cent to Fl 582m. These gains included the sale to the public of 20 per cent of PolyGram, the music recording subsidiary, and the disposal of Philips' defence systems business in Sweden.

Operating income fell 6 per cent to Fl 2.29bn. The 1989 figure excludes Philips' white goods activities, which are now part of a joint venture with Whirlpool of the US.

Contributing to the operating income decline was the electronic components division, which incurred a loss of Fl 125m, wiping out 1988's profit of Fl 353m. Sales of colour TV tubes and passive components grew, but the division was hit by a sharp fall in integrated circuit prices.

Professional Products and Systems' operating income also plunged to Fl 40m, just over one-tenth of the Fl 368m the year before. Information systems lost money but medical, communication and industrial systems compensated for the red ink.

Operating income from lighting, traditionally Philips' powerhouse, fell slightly to Fl 763m from Fl 777m the year before.

The best performance came from consumer products where operating income jumped 34 per cent to Fl 1.1bn.

Total operating income would have fallen further if not for the inclusion of a Fl 348m gain, largely from the sale of a Paris office building.

Profits in consumer products were all the more impressive as sales slipped 6 per cent to Fl 23.5bn from Fl 25bn.

Profitability measured by net income as a percentage of stockholders' equity improved to 8.2 per cent from 6.6 per cent but remains well short of the 10 per cent goal set by Mr Cor van def Klugt, chairman of Philips. Philips declared an unchanged dividend of Fl 2.

PHILIPS has sold its West German defence electronics operations to a new company set up by two former executives employed by those operations, the new owners said yesterday, AP-DJ reports.

Financial terms were not disclosed.

In what would be one of the biggest management buyouts in Germany, newly formed DST Deutsche System-Technik has acquired the operations of the Dutch electronics company's Systeme & Sondertechnik defence group in West Germany.

News of the management buy-out was a surprise, with many analysts having assumed the operations sold would go to an established defence-related company.

FN profits slashed by low sales on defence side

By Tim Dickson in Brussels

FN, the once proud Belgian arms manufacturer, provided a reminder yesterday that peace brings its casualties too.

In a development which represents a rare recent setback for its main shareholder Société Générale de Belgique, the Liege-based company announced that it lost roughly BFr2.5bn ($70m) in 1989 and that as a result it is now urgently adjusting its restructuring plans.

Nearly half the loss was attributed to "exceptional items" but the underlying deficit of BFr1.25bn contrasts with the company's original target set in December 1988 of break-even for the last 12 months.

Three main causes were given for this "major disappointment": lower than expected sales for the defence side (which specialises in small light infantry arms) "in a much less active environment"; the costs of 1,200 early retirements and voluntary redundancies, against the 800 provided for in the original plan; and the impact of the loss of FN Motors which is now 57.5 per cent owned by the French aero engine maker Snecma.

FN last night said sales had fallen in a part of the business where margins were highest, but declined to specify arms contracts which were cancelled.

FN said yesterday that La Générale, the big Belgian holding company which boosted its stake to 80 per cent as part of the end 1988 recapitalisation operation, and SRIW, the Walloon regional investment company, were both committed to further restructuring.

A "new programme" would be put together "combining continuity with the necessity to adjust the capacity of the defence side of the business to the new market conditions."

The management committee of chief executive Mr Albert Diehl and managing director Mr Jacques Germany has been strengthened with the appointment of Mr Joseph Labaye, a civil engineer from the steel group Cockerill Sambre.

Pharmacia blames 22% fall on costs of restructuring group

By Robert Taylor

PHARMACIA, the Swedish pharmaceutical and biotechnology group controlled by Volvo, suffered a 22 per cent drop in its 1989 profits (after financial items) to SKr762m ($124.7m) from SKr975m, it was reported yesterday.

The result is much worse than the company had expected. It blamed restructuring.

The worst performance came in biotechnology with a SKr175m decline on last year's performance. A comprehensive cost cutting programme had been carried out, the company said, with staff reductions and other rationalisation, particularly in its Swedish operations. A further contraction in manpower is to be carried out this year.

Biotechnology product sales rose just 1 per cent last year to SKr1.81bn from SKr1.79bn. But Mr Eric Danielsson, chief executive, said cost cutting had succeeded.

During the fourth quarter of last year costs in biotechnology rose 4 per cent compared with an impressive 18 per cent growth in sales. Group sales rose by 11 per cent last year to SKr7.54bn from SKr6.79bn. Diagnostic sales rose 36 per cent during 1989 to SKr1.64bn from SKr1.2bn, while ophthalmic sales rose 13 per cent to SKr1.31bn from SKr1.17bn.

The drugs division lifted sales 12 per cent to SKr2.43bn from SKr2.17bn.

The company said that 40 per cent of its sales were to western Europe, excluding Sweden, and there was a particularly strong performance recorded in Spain, Finland and France, though West Germany was the biggest market for its products with a sale of SKr698m in 1989.

When the details of the proposed deal between the state holding company Procordia and Pharmacia were first announced last December there was considerable concern about the proposed giant food-pharmaceuticals conglomerate within Pharmacia's senior management and the trade unions.

Commenting at that time Mr Danielsson took a lukewarm view of the deal. But yesterday he was more positive. "We have achieved our aims," he said. "The structure in the concern has been held together and we have preserved our name."

WestLB sells 25% in European vehicle

By Katharine Campbell in Frankfurt

SUDWESTDEUTSCHE Landesbank, the Baden Württemburg regional bank, has agreed to take a stake in the newly-created European vehicle of WestDeutsche Landesbank, Germany's largest public sector financial institution.

WestLB Europe, formed at the beginning of this year, is the holding company into which the Düsseldorf-based leading regional bank is absorbing the continental European operations of Standard Chartered, the UK bank, following their joint co-operation plans announced at the end of last year.

SüdwestLB is taking a 25 per cent plus one share portion of the new holding company. While no price was disclosed, it is estimated to be about DM200m ($118m).

Südwest is the first regional bank to choose this route for strengthening its overseas presence, in a move that the participants were yesterday heralding as an important step in the rationalisation process of Germany's regional banking system.

The regional banks have been criticised for their largely overlapping and relatively weak international networks. WestLB said yesterday it hoped other regional banks would follow suit with a participation in the new vehicle, but added that there were no formal negotiations in train at present.

By the end of the year, when it has completed the integration of the Standard Chartered offices, WestLB Europe will have a presence in 11 countries and around 800 employees. It is adding some of its own operations – though not the London, Luxembourg and Swiss subsidiaries – to the new company.

Separately WestLB announced that group operating profits for 1989 rose by roughly 10 per cent to around DM1bn. This is around the level for 1987, after a significant drop in 1988. Total profits are not disclosed. The group balance sheet total also expanded 10 per cent, to DM181bn.

Wärtsilä to be merged with Lohja

By Enrique Tessieri

WARTSILA, the Finnish diesel, securities and sanitary equipments group which pulled out of shipbuilding last autumn, will be merged into Lohja, a building materials and electronics group.

Lohja took a 20.2 per cent stake in last December in a FM802m ($201.5m) deal. Lohja has since then increased its ownership to 29.05 per cent.

The combined turnover of the new company will be around FM10bn and it will employ around 19,000 persons.

Wärtsilä shareholders will be paid with Lohja shares and cash. While Wärtsilä is quoted on the London Stock Exchange, there has been no decision by the new company on whether to apply for a listing on any foreign stock exchange.

Mr Georg Ehrnrooth, president and chief executive of Lohja, has stated previously that both companies were studying the possibility of merging.

Wärtsilä said it had begun talks with Lohja last autumn. Unconfirmed reports say Wärtsilä was also keen on acquiring Sulzer diesel of Switzerland.

Sharp drop in Nokia earnings

By Enrique Tessieri in Helsinki

NOKIA, Finland's largest quoted company, saw its profits before tax and minority interests tumble to FM604m ($151.76m) last year from FM1.08bn in 1988.

Group sales advanced from FM21.81bn to FM22.79bn in 1989. Operating profit remained the same, rising slightly from FM977m to FM978m last year.

Nokia plans a stock dividend of FM2.60 per share, down from FM3.20 a year earlier.

Nokia had indicated earlier this year that it did not expect that profits would improve dramatically in 1990 due to restructuring on the consumer electronics side.

Net profit attributed to shareholders plummeted from FM1.15bn to FM156m last year, while earnings per share dropped from FM13.67 to FM4.36.

Nokia's electronics group saw an improvement in net sales from FM13.16bn to FM14.33bn but remained "unsatisfactory," according to the company. The operating profit for the electronics group improved from FM58m to FM226m.

The cables and machinery division saw its net sales advance from FM4.07bn to FM4.42bn, while operating profit fell from FM406m to FM405m.

The basic industries division, which includes rubber and chemicals, saw a drop in net sales from FM1.42bn to FM1.21bn. The operating profit for the division also fell from FM513m to FM347m.

Nokia explained that the group's liquidity remained good in spite of the high level of investment; liquid funds totalled FM1.33bn from FM1.30bn in 1988.

Investment in research and development reached FM1.15bn in 1989 and the workforce at the end of last year was 41,300, 7 per cent less than in 1988.

Crédit Suisse lifts dividend

By John Wicks in Zurich

NET PROFITS of Crédit Suisse, the Zurich bank, rose by 21 per cent from SFr591.7m ($397m) to SFr716.3m last year.

At the March 29 annual general meeting the bank, which is controlled by CS Holding, is to propose an increase in its dividend from 20 to 23 per cent.

The increase in earnings represents a "marked improvement in profitability," says the bank, noting that its balance-sheet total rose only 3.8 per cent to SFr117.7bn.

Gross profits were also up 21 per cent, from SFr1.18bn to SFr1.43bn.

Group gross earnings rose in 1989 by 19.9 per cent from SFr1.54bn to SFr1.84bn, the figure for depreciation and provisions having been increased by 18.9 per cent to SFr790m.

Group net profits were higher by 23.5 per cent at SFr783m. This is the first time Credit Suisse has published these figures. Further details will be given today.

● Bank Leu net profits rose 15.2 per cent last year to SFr52.6m. This follows a 25 per cent decline in 1988 from SFr61.1m to SFr45.7m.

At the March 29 AGM of the bank, the smallest of Switzerland's Big Five, the board is to propose payment of unchanged dividends of SFr70 per share of SFr500 nominal value and SFr14 per share of SFr100 nominal value and per participation certificate.

Italian estate agency goes public with L20bn issue

By Haig Simonian in Milan

THE first initial public equity offering on the Milan stock exchange this year is due on Monday with the L20bn ($16m) flotation of shares in Gabetti Holding, Italy's largest estate agency group.

The issue also marks a first for Gabetti's lead banker, Sanpaolo Finance, the Milan-based merchant banking subsidiary of Istituto Bancario San Paolo di Torino, which is making its debut leading an equity flotation since opening in 1986.

Gabetti, which was founded in Turin in 1950, is now involved in a variety of property-related financial services, included leasing and finance. Turnover last year climbed to L85bn from L78bn in 1988 and the company now has 60 branches predominantly in northern Italy.

Property trading is set to become an increasingly important activity, according to Mr Giovanni Gabetti, the group's founder and president. Apart from its own trading subsidiary, the company also runs Idomeneo, a joint-venture with San Paolo, which is now looking to expand its international investor base.

San Paolo will reduce its present 20 per cent stake in Gabetti Holding to 5 per cent as part of the flotation of 8m new shares at L2,500 each, with the remainder of the equity stemming from a capital increase. That leaves the Gabetti family with 65 per cent of the shares.

Canadian banks cut LDC debt provisions

By Bernard Simon in Toronto

A CUT in loan loss provisions and higher fee income helped Canadian Imperial Bank of Commerce, Canada's second biggest bank, overcome a drop in interest income to post record earnings in the first quarter of fiscal 1990.

Net earnings rose to C$219m (US$184m), equal to C$1.15 a share, in the three months to January 31, from C$202m, or C$1.10 a share, a year earlier.

Although net interest income slipped from C$768m to C$762m, earnings from other sources, such as service charges, loan fees, foreign exchange and credit card fees, rose from C$283m to C$320m.

Loan loss provisions were cut by 48 per cent to C$71m. The bank realised C$30m from the sale of a principal amount of C$100m in Third World loans. Although the amount could be taken into income because the loans were fully provided for, CIBC chairman Mr Donald Fullerton said that "as a matter of prudence" it had been added to general loan-loss provisions for the quarter.

Assets grew to C$105.7bn at the end of the quarter, from C$94.4bn a year earlier. Net return on average assets was 84 cents per C$100 of assets, virtually unchanged from a year earlier.

● National Bank of Canada, the smallest of the country's big six banks, said that first-quarter earnings fell to C$70m (US$58.8m) or 51 cents, from C$78.8m or 68 cents. National said it was lowering its loan loss provisions to C$26.5m from C$37.5m a year ago.

Earlier this year, the bank became the biggest shareholder in the troubled real estate and retailing group Campeau Corp when it seized shares which previously belonged to the group's founder Mr Robert Campeau.

The securities are worth a fraction of their value when they were pledged to the bank as collateral for a loan to Mr Campeau in December 1987.

Union Carbide decides against restructuring

By Roderick Oram in New York

UNION Carbide, battered through the 1980s by a recession, the Bhopal tragedy, the forced sale of some of its best businesses and a fight to retain its independence, has decided against another major restructuring.

The news disappointed Wall Street which had enjoyed a spate of rumours in recent weeks about pending joint ventures, asset sales or other actions. The group's share price fell $1⅛ to $22⅛ yesterday morning after rising 14 per cent in the past month.

Mr Robert Kennedy, chairman, said the group would retain its three core businesses: chemicals and plastics, industrial gases and carbon products.

A management buy-out of the third division was under active consideration until the junk bond market fell apart, the company said. Carbon products such as electrodes accounted for $782m of the group's $8.74bn revenues last year and $44m of operating profit out of $1.27bn.

The company said its two key criteria were strengthening its core businesses and increasing shareholder value.

Its long term goal was 6 per cent to 7 per cent annual capital growth and an average of 20 per cent return on equity over the course of business cycles. None of the wide range of restructuring actions met both conditions, Mr Kennedy said.

He said the company would still consider acquisitions, joint ventures, alliances or other alternatives as the opportunities arose.

Although Union Carbide's results have improved markedly in recent years, profits softened last year because of a downturn in some of its plastics and chemical businesses.

The sector turned in fourth quarter operating profits of only $156m, compared with $331m a year earlier. For the full year, the sector slipped to $1bn from $1.2bn.

Group net for last year fell to $573m, or $4.07 a share, from $662m, or $4.88, on revenues of $8.74bn against $8.32bn.

Analysts are expecting the company's profits to fall to around $3 a share this year because of softness in the chemicals and plastics.

A big chunk of its profits come, for example, from ethylene glycol and polyethylene. Both are commodity products facing stiffer competition as new capacity has come on stream.

Mineral sands help boost profit at Renison

By Chris Sherwell in Sydney

A STRONG performance from its large mineral sands operations has sharply boosted interim profits at Renison Goldfields Consolidated (RGC), the Australian affiliate of the Hanson group's Consolidated Goldfields. The group says it expects the trend to continue.

Figures for the six months to December showed an after-tax operating profit of A$63.5m (US$48.5m), up 79.5 per cent on the A$35.4m figure for the previous corresponding period. Sales revenues jumped 24.6 per cent to A$332m.

"The main contributors were the strong performance by the mineral sands division, complemented by improved performances from the tin and gold divisions," the group said.

In mineral sands, there was strong demand and price increases for all main products, and "the zircon price was particularly strong." Tin's profitability, however, was hurt by declining prices due to expanding world production, especially from Brazil.

Regarding new developments, RGC said the Porgera gold mine in Papua New Guinea, in which it has a 30 per cent interest, would have its first stage completed by the third quarter of 1990.

In mineral sands, the company has begun development of its Eneabba West orebody in Western Australia. It aims to start operations there in 1991, and has received final approval for the upgrading of its nearby synthetic rutile plant by mid-1991.

On the outlook, RGC said that with demand expected to be maintained, "recent expectations are for the second half's results to be broadly comparable with those of the first half." Although prices were hard to predict, "the group's projections are for minerals sands prices to remain firm."

Air Canada and PWA hit by heavy quarterly losses

By Robert Gibbens in Montreal

CANADA'S two big airlines hit heavy turbulence in the fourth quarter of 1989 because of a bitterly cold December, a 20 per cent jump in fuel prices and widespread cutbacks in business travel.

Air Canada, privatised in 1988, had an operating loss of C$44m (US$37m) in the fourth quarter. However for the whole of 1989 it registered an operating net profit of C$107m or 86 cents a share, almost unchanged from 1988, on revenues of C$3.6bn, against C$3.4bn.

When a C$86m gain on the sale of GPA Group stock is included, Air Canada's final net profit was C$149m or C$1.99 fully diluted, against a restated C$89m or C$1.64 in 1988.

The group's operating expenses rose 7 per cent and its load factor declined to 69.7 per cent from 71.4 per cent.

Domestic market share gained, but the company said operating margins were inadequate and "appropriate action" would be taken this year. Air Canada has already cut managerial staff by about 7 per cent.

PWA Operations, parent of Canadian Airlines International, also suffered from problems, following the C$250m takeover of Wardair last year. For the full year, PWA lost C$56m or C$2.18 a share, including a C$73.8m writedown to cover takeover expenses. It was PWA's first loss in 19 years. In 1988 the company earned C$30.3m or C$1.25 a share.

Its 1989 revenues were C$2.6bn, up 16 per cent. However operating expenses rose 20.5 per cent, mainly because of Wardair integration difficulties. This indicated a 1989 operating loss of C$10.4m, against operating income of C$77m in 1988.

PWA, which is selling Wardair's fleet for C$900m to reduce debt, sees losses continuing in the first quarter of 1990. Its strategy is to recover market share by improving domestic service and building on its already strong links with the Asian market.

Both airlines warned analysts early in February that 1989 performance would be dragged down by the recessionary fourth quarter. Both companies have raised domestic fares 5 per cent already this year, though fuel prices have now stabilised.

Mr Steve Garmaise, of First Marathon Securities, Toronto, expects Air Canada to sell a smaller tranche of GPA shares this year, but it should show a good gain in operating earnings to around C$1.30 a share following further moves to raise efficiency.

With a continuing weak domestic market, PWA will show another operating loss in 1990, although its debt should decline to around C$1m.

Other analysts said Air Canada was showing good traffic gains on its Florida and Atlantic routes in the first quarter, but that PWA would not achieve gains in operating efficiency from using a new terminal at Toronto until 1991.

Inquiry into Paladin takeover

By John Elliott in Hong Kong

THE Hong Kong Government has appointed an inspector to investigate links between locally-listed Paladin and New Zealand-based New Zealand Equities, whose complex deals have developed into one of Hong Kong's most controversial corporate sagas since the 1987 world markets crash.

New Zealand Equities, which was merged into Paladin in September in a disputed reverse takeover, went into receivership this week. The inspector has been appointed because Paladin, an investment company whose listing in Hong Kong is suspended, did not reveal that it gave guarantees for New Zealand borrowings in January.

A battle for control of Paladin by minority interests grouped in a company called Lai See has been spearheaded by the prominent Oung business family of Taiwan. It has led to legal action in Hong Kong, Bermuda and New Zealand.

The issues raised have sharpened a debate in Hong Kong over the effectiveness of regulatory powers developed since 1987 for the Stock Exchange and for a new watchdog, the Securities and Futures Exchange Commission. They failed to stop last September's reverse takeover on behalf of minority interests.

Along with a growing number of Hong Kong companies, Paladin is listed in Bermuda, which removes it from some of the commission's controls.

Schroders Asia is involved because it was Paladin's adviser until last December, when it resigned. Until then it was also responsible for advising minority shareholders.

The commission's Takeover and Mergers Committee is expected to report soon on allegations that Serge Punn and Associates of Hong Kong acted in concert with New Zealand to support the takeover.

After failing last September to block the takeover, the commission has been unable to investigate the company's affairs because it does not have the necessary legal powers. Paladin admitted to the commission last week that it had failed to report the guarantees.

Depleted fish stocks hit Natsea

By Bernard Simon

DEPLETION of fish stocks off Canada's east coast and a slew of other problems put National Sea Products (Natsea), North America's biggest fish company, deep in the red last year.

Halifax-based Natsea lost C$32.4m (US$27.2m), or C$2.03 a share, in 1989, compared with a C$5.8m loss, equal to 52 cents a share, the previous year. Revenues advanced 8 per cent to C$606.1m. The fourth quarter loss was C$18.7m or C$1.10, against C$7.9m or 54 cents before extraordinary items.

A sharp drop in fish quotas, which has cost Natsea 159m lbs of raw material over the past five years, has forced a sweeping and costly restructuring of the company's Canadian and US operations. Natsea estimated these costs at C$10.3m in the fourth quarter.

Natsea will close a fish plant in Maine in April, with the loss of 200 jobs. Last year, it wound down plants in Nova Scotia and Newfoundland.

Iscor warns on profits forecast

By Jim Jones in Johannesburg

ISCOR, THE recently privatised South African iron and steel company, fears it will fail to meet the earnings level forecast in its prospectus, but says this year's dividend payment will match the forecast.

The directors blame poor international steel markets for the difficulties. Over-supply in world markets has led to substantially lower export prices in recent months and cut Iscor's export sales during the six months to December 31 1989. The first half's steel shipments dropped fractionally to 2.57m tonnes but exports dropped to about 821,900 tonnes from 1.03m tonnes in the same period of 1988.

Turnover rose to R3.07bn ($1.2bn) in the half year to December from R2.55bn in the same half of the last financial year and against R5.95bn in the last financial year as a whole. The interim trading profit before interest and tax rose to R577m from R498m and the pre-tax profit increased to R560m from R463m.

The last financial year's trading profit totalled R1.2bn and the year's pre-tax profit was R1.15bn. In the prospectus the directors forecast taxed profit would rise by 20 per cent this financial year and, in the first half the expected growth was exceeded fractionally.

However the board now warns the second-half earnings are likely to decline and the year's full earnings are likely to be only "modestly" higher than last year. The first-half earnings were 23.0 cents a share against 19.1 cents previously and an interim dividend of 5.4 cents has been declared.

In fiscal 1989 earnings totalled 43.9 cents and the year's dividend was 12.1 cents.

Peregrine lifts assets to HK$2.5bn

By John Elliott

PEREGRINE International Holdings, an 18-month old Hong Kong-based investment house backed by Peking and top Hong Kong businessmen, has boosted total assets under its control to an estimated HK$2.5bn (US$320m). This follows the takeover by its subsidiary, Kwong Sang Hong, of a local investment company called Tai Shing International Holdings.

This is a big step forward in plans drawn up by Mr Philip Tose, who runs Peregrine, to acquire a large cash base and establish a regional merchant bank and securities house. Formerly with Citicorp Scrimgeour Vickers, Mr Tose owns 30 per cent of Peregrine. The two other main shareholders are Peking's China International Trust and Investment Corporation, and Hutchison Whampoa of Hong Kong, which is controlled by Mr Li Ka-shing.

Last October Peregrine, which has assets of HK$800m, acquired from Mr Li control of Kwong Sang Hong, an old established local company with an investment portfolio. Since then, Kwong has been stripped of much of the portfolio and has liquid assets of HK$900m.

Good year for Cadbury of S Africa

By Jim Jones

CADBURY SCHWEPPES, the South African affiliate of the British Cadbury Schweppes company, lifted sales and profits by almost one third in 1989. The rise was helped by acquisitions and developments at home and in neighbouring Swaziland, and the introduction of new products.

The year's turnover was R446m ($195.5m) against R326m in the previous year. The operating profit before tax and interest was R41.9m against R32.0m, and the pre-tax profit rose to R36.4m from R28.8m.

Past year's earnings rose to 88.4 cents a share from 73.7 cents.

NZ farmers buy meat works

By Terry Hall in Wellington

THE POWERFUL New Zealand farmers' co-operative movement has become the dominant force in the nation's meat processing sector after the successful takeover yesterday by Alliance of Waitaki International.

The Alliance freezing co-operative runs two successful and profitable plants in Southland, and as a result of the takeover of Waitaki's eight South Island works will become the country's largest processor and exporter of frozen meat.

It follows the success of Affco, the Auckland based co-operative which took over all of Waitaki's North Island works late last year.

Affco is in the process of closing and rationalising its plants, a move made essential by a big drop in livestock numbers due to drought and changes in government policies which removed farming tax advantages. Alliance will forge closer links with Affco as a result of the takeover, which has been supported by the Government and notably Federated Farmers, the farmers' lobby group.

Alliance will inherit a 25 per cent stake in Affco, and boost its own sales to more than NZ$600m (US$352m), a turnover that ranks it among New Zealand's top 30 companies. Problems of overcapacity proved difficult for Waitaki, a company listed on the stock exchange whose origins go back to the first shipment of meat to the UK in 1882.

It reported a total loss of NZ$40.9m in the year to October 1, after writing off NZ$71.6m from the value of its North Island works.

The Alliance takeover encountered a number of snags, notably due to Commerce Commission's concerns over the creation of a monopoly situation in Southland and Otago. But it later reversed the decision saying it was in the best interests of the country.

Unexplained delays this week led to reports that Alliance had been unhappy at the negotiations on Waitaki. However Alliance said yesterday its concerns had been satisfied, paving the way for the deal. Waitaki's 10,700 shareholders had accepted the Alliance offer of 60 cents a share.

Correction

Ares-Serono

ARES-SERONO, the Swiss-based pharmaceutical group which declares its results in US dollars, plans to raise its dividend by SFr3 to SFr25 per bearer share, not to $25, as we reported yesterday. Similarly, the proposed dividend per registered share is SFr10, not $10.

Bond faces renewed attacks on two fronts

By Chris Sherwell

MR ALAN BOND, the beleaguered Australian businessman who this week regained control of his brewing assets from receivers, faced two other significant battlefronts yesterday – his broadcast media interests and the regulatory authorities.

Shareholders in Bond Media, the television and radio arm of his debt-burdened empire, were warned by Mr Kerry Packer's Television Corporation of Australia (TCA) that receivership or liquidation was the only alternative to accepting TCA's bid for the company.

At the same time attorneys-general from Australia's federal and state governments, meeting as a ministerial council, will today consider a special investigation into Mr Bond's affairs. The council is responsible for the National Companies and Securities Commission (NCSC), Australia's share market watchdog.

The TCA warning followed Bond Media's formal rejection on Thursday last week of TCA's audacious one-for-10 offer valuing Bond Media shares at 10 cents and the company at only A$53m (US$40.7m). Directors argued the shares had been independently valued at 39 to 60 cents, that the offer involved no cash and was highly conditional.

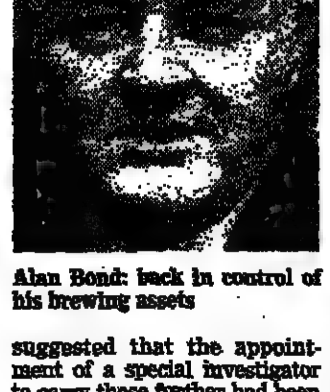
TCA said in response yesterday that, in the absence of a higher bid or a "huge" raising of new equity, Bond Media would "almost certainly" go into receivership or liquidation. In that case, it told shareholders, they would receive nothing at all.

The exchanges coincided with publication of Bond Media's latest figures. In spite of strong performances from the Channel Nine television network, interest expenses dragged the group to a meagre after-tax profit of A$274,000 compared with A$10m in the previous corresponding period. After extraordinary items, the bottom line loss was A$32m.

Analysts following the Bond Media battle point out that Mr Bond's success in regaining control of his brewing assets this week could affect the outcome. This is because National Australia Bank, the bank leading the syndicate which lent A$880m to Bond Brewing Holdings, is also at the head of a syndicate which last month sought immediate repayment from Bond Media of a A$385m facility.

Bond Media is currently negotiating with local and overseas investors to restructure its finances before the end of March, when A$200m-worth of convertible preference shares held by Mr Packer's Consolidated Press Holdings are due to be redeemed.

Kerry Packer: 'alternative is receivership or liquidation'



Alan Bond: back in control of his brewing assets

On the regulatory battlefront, today's meeting of the NCSC's ministerial council in Adelaide is expected to clarify confusion surrounding the next step in the commission's ongoing inquiries into the Bond empire.

Reports last month suggested that the appointment of a special investigator to carry these further had been vetoed by Canberra. The federal Government indicated in response that it supported further action but was worried about the time such an investigation would take.

The vexed issue is complicated by the fact that the NCSC is due to be replaced in July by a new and better-resourced federal agency, the Australian Securities Commission.

The difficulties surrounding the change have been complicated further by the announcement of a general election. This has precluded parliamentary revisions to legislation setting up the new agency – revisions which are needed to accommodate a recent High Court judgment limiting the agency's intended powers.

On the local share market, meanwhile, shares in National Australia Bank took a pounding on investor fears about its exposure to the Bond group. The shares fell to a low of A$6.26 before rallying to A$6.32, down 16 cents from Wednesday's close.

The Bond group has said it is considering a damages action against NAB, and analysts argue that Bond now has leverage in relation to the bank which it did not enjoy before. For its part, the bank pointed out yesterday that, some time before seeking the appointment of receivers to Bond Brewing, the syndicate had issued a writ for amounts owing.

That case, it said, is still to be heard on May 1. "The syndicate of banks denies the existence of liability in damages for the appointment of the receivers," it added.

INTERNATIONAL CAPITAL MARKETS

Danish auction fails to take the market by storm

By Deborah Hargreaves

THE EUROBOND market resumed its controversial debate about syndication techniques yesterday on the back of JP Morgan's auction issue *for the Kingdom of Denmark.*

The auction method did not quite take the market by storm after meeting with some resistance among syndicate officials. However, most of the vitriol flung at it by some underwriters yesterday afternoon was probably unmerited.

Denmark issued $771m of bonds at a spread of 65 basis points over US Treasuries after JP Morgan received $1.4bn in auction bids.

Altogether, J.P. Morgan received 134 bids of which 90 were successful and in a tight range which offered a spread of 63-65 basis points over the Treasury market. J.P. Morgan took 38 per cent of the deal itself. It placed $300m of the bonds with end investors – *mainly central banks and some* foreign investors.

The crux of the market's argument against the auction method is that many players believe Denmark could have issued its bonds much more cheaply with a fixed price reoffer mechanism. The issue could have achieved a 58-60 basis point spread over Treasuries if it had been done in this way, some underwriters contended.

This is a point with which J.P. Morgan fiercely disagrees. Denmark was under no obligation to bring the deal, the brokerage house says, and felt comfortable with the final spread which held up in a *soggy Treasury market.*

While many market players saw no customer demand for this sort of deal, others reported general, if not overwhelming, client interest. Salomon Bros took the second largest allotment of bonds after J.P. Morgan with just under $100m of which the house had

INTERNATIONAL BONDS

sold $80m to investors by late yesterday. However, the trading level widened to a 68-basis point spread after syndication broke yesterday afternoon. Although J.P. Morgan said it had had to buy back only 5 per *cent of the bonds from brokers,* there were some loose bonds in the market from trading houses which joined the deal just to get their names on a prestigious issue.

As a structure, the auction is unlikely to prove popular, but as an experiment, it will prove an interesting talking point for weeks to come. There have been rumours of another $1bn auction as early as next week.

Denmark dominated the Eurobond market yesterday with few other new issues around. The Unilever issue, priced on Wednesday, continued to trade well after Deutsche Bank sold considerably more than its underwriting *ticket of $150m.*

Matsushita Electric Industrial finally launched its $1bn floating-rate note issue which was postponed earlier in the week. The issue carried a coupon of 2⅛ and was trading at a level of 96⅞-97 on a par issue price.

● The London International Financial Futures Exchange launched its Euromark options contract yesterday to complement its Euromark futures which started up last year.

The option comes about a month before the launch of a competing contract by France's Matif. Both exchanges have been fighting a battle for Euromark business since each launched a Euromark futures *in April last year.* Liffe has recently been winning the race with January volume of 166,930 lots almost a third higher than Matif's 89,826.

Liffe's Euromark option was opened by Mr Frederick Hopson, general manager of Hessische Landesbank Girozentrale's London branch, who said: "The volatility of DM interest rates in the past few weeks has shown that such an instrument at the short end of *the market will be of great benefit for all participants."*

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Denmark, Kingdom of(c)◆	771	9¼	99.75	1995	20bp	J.P. Morgan Secs.
Matsushita Electric Ind.◆	1bn	2⅛	100	1994	2¼/1½	Nomura Intl.
Hazama Corp.♦	200	(2½)	100	1994	2¼/1½	Daiwa Europe
A/B Electrolux(b)★★◆	60	8.9	100	1997	n/a	Mitsui Finance Intl.
YEN						
Credit Lyonnais(c)◆	10bn	7.2	101⅞	1995	1⅞/1¼	LTCB Intl.
SWISS FRANCS						
O S Co.(a)★★♦◆	20	2⅛	100	1994	1½	Swiss Bank Corp.

★★Private placement. ♦With equity warrants. §Convertible. ◆Final terms. a) Coupon increased by ⅛% from indication. b) Put in event of earthquake in Japan. Redemption linked to the event of an earthquake in Japan. c) Non-callable.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 1

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8½ 96	750	96⅛	96⅞	-0⅛	+0¼	9.28
Alberta 9½ 95	600	100⅛	100⅞	-0⅛	+0⅛	9.21
Austria 9½ 93	140	101⅛	102	-0⅛	+0⅛	8.98
B.F.C.E. 8¾ 94	175	97⅛	97⅞	-0⅛	+0⅛	9.09
B.F.C.E. 9¼ 95	150	100	100⅛	-0⅛	+0⅛	9.17
Brit. Tel. Fin. 9⅜ 98	250	†99½	100	-0⅛	-0⅛	9.40
Canada 9 96	1000	100¼	100⅝	-0⅛	+0⅛	8.92
C.C.C.E 9¼ 95	300	100⅛	100⅝	-0⅛	+0⅛	9.16
Cr.Local France 8⅞ 99	250	96⅛	96½	-0⅛	-0⅛	[illegible]
Credit National 7¾ 92	100	96⅛	97⅛	-0⅛	+0⅛	[illegible]
Credit National 9½ 92	160	†100⅞	101⅛	-0⅛	+0⅛	9.01
Dai-Ichi Kan 9⅝ 92	150	†100½	101	-0⅛	+0⅛	9.24

[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	98⅛	99	-0⅛	-0⅛	0.07
Canada 5⅛ 93	80	95⅛	95⅞	-0⅛	-0⅛	7.06
Cr.Local France 6⅛ 94	300	96	96⅛	-0⅛	-0⅛	6.62
Denmark 6⅛ 95	300	95⅞	96⅛	-0⅛	-0⅛	6.63
E.I.B. 4⅞ 93	30	94⅛	94⅞	-0⅛	-0⅛	7.01
Norway 5⅛ 95	50	91⅞	92⅛	-0⅛	-0⅛	7.04
Sweden 4⅞ 93	50	93⅛	93½	-0⅛	-0⅛	6.99
World Bank 5⅛ 98	10	88	88⅛	-0⅛	-0⅛	7.09
World Bank 7 94	20	100⅛	100⅝	-0⅛	-0⅛	[illegible]

Average price change... On day -0⅛ on week -0⅛

[illegible]

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. *Coupon shown is minimum.* C.dte = *Date* next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond *per share expressed* in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Europe faces 'explosion' in structured financing

By Norma Cohen

STRUCTURED financings - securities backed by pools of assets – are likely to see explosive growth in Continental Europe in 1990, rising to as much as $2.5bn from $115m in 1989, according to projections from Moody's Investors service.

France alone is expected to securitise over $1bn in assets with other Continental countries contributing another $1.5bn in new issues.

The move to securitise assets has been driven by economic and regulatory developments that, among other things, have made the removal of assets from bank balance sheets more attractive. Also, structured financings have offered *lower-rated firms the* opportunity to raise funds using AAA-rated securities.

However, Moody's says the increasing complexity of structures, exposure to third-party downgrades and compromised portfolio protection will lead to greater credit risks for *investors in structured securities.* In particular, there is concern about the adequacy of collateral for securities backed by pools of mortgages on properties located in the faltering real estate markets of the south-western and north-eastern US.

Moody's also points out that reliance on third-party credit guarantees may also threaten the credit rating of asset-backed securities if the guarantor – usually an insurance company – itself has its credit rating downgraded. In 1989, for instance, a bid for BAT Industries caused the AAA claims-paying rating of its Eagle Star insurance subsidiary to be placed under review, thus threatening the AAA rat*ing of several series of mort*gage-backed securities.

Moody's expressed concern about the increasing complexity of financing structures, including the use of low- or non-documented loans to back up securities.

There has been intense com*petition in the US housing and* car-loan sector which has led to a deterioration in loan underwriting standards and a proliferation of limited or low-documentation loans.

Spain unveils funds devoted to public debt

By Peter Bruce in Madrid

SPAIN'S first investment funds dedicated exclusively to public debt were launched yesterday amid signs that the Spanish Treasury is seeking to use more private sector fund managers to popularise its medium and long-term debt.

More than half the Treasury's payments burden – about Pta9,000bn this year – is in one-year Letras del Tesoro (treasury bills) and Pagares (promissory notes) and the authorities have been anxious to find ways to attract *more investors to longer-term* instruments. One idea, to establish a treasury account for private clients appears to have been discarded because the Treasury does not have a commercial network at its disposal. Although the Bank of Spain has begun to offer private *clients commission-free* facilities to buy treasury notes and bonds, it has little commercial experience.

The launch yesterday of two funds by a local fund manager, Safei-Samedi, fits neatly into the Treasury's new efforts and local analysts expect the authorities to encourage other investment agencies to start similar operations. One, a public debt-savings fund, plans to offer investment in medium *and long-term funds* and another, a cash fund, will invest mainly in letras.

Investment funds do not charge commissions and offer important tax advantages as the investments are not subject to the 25 per cent withholding tax which Spain applies to interest earnings. The tax breaks would apply to local and foreign investors.

At yesterday's auction of public debt, the interest on *three-year Bonos del Estado* (treasury notes) was fixed at 14.51 per cent. Many analysts in Madrid feel the country cannot afford to allow rates to rise much higher.

The Treasury, which has been urgently trying to find new markets for government debt to help *finance high budget* and current account deficits, is also streamlining payments of withholding tax on its paper to try and win back foreign investors. The authorities have also decided to allow more institutions to issue peseta-denominated 'Matador' bonds abroad and to begin issuing bonds in ECUs.

A first Spanish ECU bond, worth ECU500m, was due in February but the Treasury delayed it because of uncertainty over efforts to unite the D-Mark with the East German currency.

مكتبة الأهل

INTERNATIONAL CAPITAL MARKETS

Purchasing report further unsettles Treasuries

By Janet Bush in New York, Stephen Fidler in Tokyo, Norma Cohen in London and George Graham in Paris

US TREASURY bond prices continued to erode yesterday, following the sharp drop on Wednesday afternoon, in response to a stronger than expected economic report from US purchasing managers.

At midsession, some long-dated maturities were quoted as much as ½ point lower

GOVERNMENT BONDS

while the benchmark long bond stood ⅜ point lower for a yield of 8.56 per cent.

Economists had predicted an unchanged index of 45.2 per cent from the purchasing managers in February but it rose quite sharply to 48.3 per cent, the highest level since June, 1989. The report said that the economy declined in February for the tenth consecutive month but that it was the lowest rate of decline since June last year.

New orders increased for the first time since May last year and production rose for the first time since June. With the caveat that a good proportion of the rise in the managers' index could be attributed to catch-up production after January's weather-hit activity, the report appeared to confirm the view from the Fed that the chances of a recession have receded.

There was little impact from news that personal income rose 0.8 per cent in January, slightly more than expected, and that personal consumption spending rose 0.6 per cent, less than analysts had been forecasting.

The dollar continued to firm yesterday in spite of active selling of the US currency overnight by the Bank of Japan, seeking to support the yen.

At midsession in New York, the dollar was quoted at its session highs at Y149.80 and near its highs against the D-Mark at DM1.7165.

■ FEARS that yesterday's weaker yen will necessitate a rise in Japan's official discount rate and encourage domestic inflation drove Japanese government bond prices significantly lower yesterday.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-23	-16/32	12.88	12.67	12.18
		10.500	5/99	92-07	-02/32	11.90	11.62	11.18
		9.000	10/08	84-31	-30/32	10.90	10.69	10.26
US TREASURY *		8.500	02/00	99-24	-03/32	8.54	8.62	8.41
		8.500	02/20	99-12	-05/32	8.56	8.66	8.43
JAPAN	No 119	4.800	6/99	87.1088	-0.292	7.10	6.83	6.64
	No 2	5.700	3/07	92.0392	-0.738	6.70	6.41	6.41
GERMANY		7.125	12/99	88.7000	-1.100	8.89	8.67	7.67
FRANCE	BTAN	8.000	10/94	90.1405	-0.422	10.79	10.74	10.32
	OAT	8.125	5/99	87.5000	-0.840	10.27	10.14	9.63
CANADA *		9.250	12/99	91.5000	-0.375	10.67	10.56	10.12
NETHERLANDS		7.500	11/99	90.0600	-0.060	9.07	8.93	8.28
AUSTRALIA		12.000	7/99	92.5332	-0.750	13.41	13.26	12.71

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

For the fourth time in 10 days, the Ministry of Finance used its debt consolidation fund to shore up the market, buying about Y100bn of the series 99, 119 and 124 10-year bonds.

The market opened weaker, with the benchmark 119 bond, due in June 199 and yielding 4.8 per cent, opening at 7.07 per cent, against Wednesday's late 7.015 per cent. It weakened to yield a recent high of 7.13 per cent, before recovering with the help of the bond buying to 7.09 per cent in late trading.

Some weakness was said to have been triggered by the possibility that there would be changes in the assessment of the prices of bonds held by banks but lent out to others through the repurchase market.

■ UK GOVERNMENT bonds closed with losses of up to 1¼ points among longer-dated issues as dealers and investors made a grim reassessment of inflation forecasts for the year.

Dealers said that a contributing factor was a report from Greenwell Montagu which raised its estimates for 1990 inflation to 9 per cent to reflect the effects of the poll tax and the latest rise in mortgage rates.

Traders said the particularly large drop among longer issues may have reflected the effects of a big sell-off by a single account.

Also, dealers said the markets continued to suffer under yesterday's unexpectedly poor UK trade figures. While the markets had thus far believed UK securities were "decoupled" from events in West Germany, the latest round of trade data has cast doubt on that view.

■ IN WEST Germany, 10-year government bonds fell sharply, giving up about 1¼ points at fixing from the previous day. Dealers said that heavy selling of both cash and futures emerged from Tokyo and that prices were unable to recover during the European trading day. Dealers said that selling of cash bonds and futures emerged as the currency fell through several key support levels.

■ THE FRENCH Government yesterday sold FFr7.65bn of franc-denominated bonds and a further 225m ECU-denominated bonds at its monthly bond auction.

The auction was dominated by the OAT 8.5 per cent 2000, the main 10-year tapstock now being issued by the French Government. A total of FFr5.9bn was sold, at a cut-off price of 89.45, out of FFr8.85bn bid for.

The price gives an average yield of 10.22 per cent, 59 basis point higher than at last months auction.

The Government also sold FFr1.75bn of the longer OAT 8.25 per cent 2004 at a cut-off price of 86.30, giving an average yield of 10.26 per cent.

W German banks deny bond loss forecasts

By Katharine Campbell in Frankfurt

TWO GERMAN banks yesterday hotly denied estimates circulating in a Salomon Brothers research report of possible heavy writedowns to their bond portfolios following the recent setback to the German bond market.

Mr Juergen Krumnow, board member of Deutsche Bank, Germany's largest bank, said as of the middle of February, writedowns on the group's bond portfolio would be "considerably under DM200m."

The Salomon report estimated potential writedowns on bond holdings of the three largest German banks could "decimate" 1990 profits. The figures amounted to DM634m for Deutsche Bank, DM685m for Dresdner Bank and DM329m for Commerzbank.

Dresdner Bank declined to comment on the research. A Commerzbank official called the calculation "simply irrelevant." "About half of that number would be more probable, but I do not want to speculate" he said.

Salomon responded to the banks' statements yesterday with a revision to its forecasts. Its revised estimate of Deutsche Bank's exposure was put at DM180m with Commerzbank reduced to DM250m. But it challenged the banks to be more forthcoming in their explanation of "how they had kept the write-off levels as low as this."

Both banks were critical of what they termed highly over-simplified calculations. Salomon based its sums on 60 per cent of the value of group bond portfolios at the end of October (the latest published figures). These were DM15.1bn for Deutsche, DM16.3bn for Dresdner, and DM12.6bn at Commerzbank. A writedown average of 7 per cent was used.

Deutsche Bank said writedowns in the balance sheet were based not on market value, but on original cost of the securities. It added active management of the trading portfolio, at DM5bn about a third of the total, allowed a flexible response to changing interest rate patterns.

French authorities lobby DG Bank

By George Graham in Paris

THE FRENCH authorities have come to the support of their banks in the dispute with Deutsche Genossenschaftsbank (DG Bank) concerning DM6bn of contested securities transactions.

Mr Pierre Bérégovoy, the French finance minister, yesterday called on DG Bank to respect its word, and urged West Germany's banking supervisors to uphold the rules which govern the financial markets. "DG Bank engaged itself and it is very important that one's word should be respected. It is the responsibility of the authorities charged with banking and market supervision to ensure that written and oral market usage are respected by the intermediaries," Mr Bérégovoy said.

Mr Jacques de Larosière, governor of the Bank of France, has written to Mr Karl-Otto Pöhl, governor of the Bundesbank about the DG Bank row. Mr Philippe Lagayette, deputy governor of the Bank of France and chairman of France's bank supervisory commission, has also written to his opposite number at the Bundesaufsichtsamt.

The row centres on two types of transaction, according to the French banks involved: one is a form of cash advance backed by the deposit of bonds, the other a forward deal involving the simultaneous sale and repurchase of bonds.

In both cases, DG Bank is refusing to take back the bonds, which the French banks say it undertook to do. The bonds have lost between 10 and 15 per cent of their value in the intervening period, as interest rates have soared.

Banque Nationale de Paris (BNP), has confirmed that its total exposure is DM1.13bn, and that it could stand to lose 10 to 15 per cent of this amount if DG Bank persists in its refusal to take back the bonds.

The French banks involved – which besides BNP include the Caisse des Dépôts, the state financing institution; Crédit du Nord, the commercial banking subsidiary of Paribas; and Sogenal, the Alsatian offshoot of Société Générale – have instructed their lawyers to prepare a suit against DG Bank.

The charges are not expected to be ready until next Wednesday or Thursday, and the *French banks still hope that* the West German co-operative bank will change its mind in the days to come.

Bond row reveals need for trade systems

Andrew Freeman on how other markets handle deal confirmation

The DG Bank affair raises some important issues for the Euromarket. In particular, it highlights the need for efficient and binding trade confirmation systems.

Fortunately for the Frankfurt financial community, the dubious practice of reneging on trades has been a constant feature of international bond trading. Whenever there is unusual volatility across the market or in a particular sector, the greater exposure to potential losses does not encourage clear recollection by traders.

For example, the recent collapse in the price of a Saatchi & Saatchi convertible bond is understood to have resulted in an attempt by one UK agency broker to deny a large trade with a European counterparty. Strong threats from the relevant regulator resolved the dispute.

During the crisis in the floating-rate note market after late 1986, when prices fell by as much as 20 points in a half-hour trading period, some London-based firms found they could not confirm up to half of all their trades.

That settlement disaster took weeks to sort out, as did the problems on global equity markets after the crash in 1987.

Many parties simply denied that they had dealt at all and, because hectic trading had not *allowed enough time for dealers* to book trades in writing, there was little evidence with which to pursue claims.

The dubious legal status of taped telephone conversations gave extra impetus to calls for a better system. Tapes do provide a record of deals, but are not regarded as legal evidence. Nevertheless, many continental banks still do not take the routine precaution of taping dealers' calls.

Their experience in 1986 persuaded leading Eurobond houses that the matching and confirmation of bond trades was a priority. At the time most banks were making large profits from their Eurobond operations and were happy to spend money on such a risk management system.

The result was the on-line electronic TRAX system developed by the Association of International Bond Dealers (AIBD). This was designed as a risk management system allowing confirmation of all trades within a 30-minute deadline.

Parties could quickly see where they had an unmatched position and take steps to eliminate any risk. Coincidentally, the *system satisfied* UK reporting requirements under the Financial Services Act, and was integral to the AIBD *becoming* a *designated* investment exchange.

The DG Bank affair could not have happened if the various *banks involved had been* members of the TRAX system. Where an agreement to repurchase securities was implicit in *an initial transaction*, the return leg of the trade could have been entered at the same time, confirming the entire contract.

TRAX currently has around 255 members, including all UK-based AIBD members and continental AIBD reporting dealers. However, its extension throughout Europe has been consistently opposed by banks which argue that its costs outweigh any risk management benefits.

Mr John Langton, AIBD chief executive, said: "If TRAX can be extended, and it is open to non-AIBD members, the management of member banks will come to see that they have much greater control over their exposure to markets and counterparties. TRAX can handle any instruments, be they international equities or debt instruments, that members want to trade."

It currently costs SFr1.5 per trade, as well as a SFr500 per month entry fee, to use TRAX. Mr Langton said that as more members use the system, these prices will inevitably be reduced and the AIBD is considering volume rebates.

He also pointed out that TRAX users could dispense with other costs normally associated with trade confirmation, *such as telex costs.*

Senior bankers are in no doubt that an efficient matching system is vital. Mr Hans-*Jörg Rudloff, chairman of* Crédit Suisse First Boston, said: "The more the entire complex of securities trading *can be systemised, the better it* will be for everyone."

He also said that CSFB, like many other banks, would not deal with a counterparty on a repurchase basis without confirmation, in order to avoid unnecessary exposure.

The international foreign exchange market has been fastest to utilise technology to eliminate counterparty risk. Dealers use various systems for live input of trade matching instructions, helped by the fact that settlement of trades is usually on the same or the next day.

Trade matching and confirmation were identified as key components of risk by the Group of Thirty when it reported in March last year its recommendations on clearance and settlement systems for the world's securities markets.

Although opposition to TRAX has been consistent, it has come mainly from retail banks which deal more often with non-TRAX users and therefore benefit less in managing their risk.

Larger houses have been more committed and are expected to give strong support to *the AIBD's goal of making* TRAX membership compulsory. At its annual conference in May, the AIBD is likely to *announce plans to extend* TRAX on a voluntary basis and offer members greater use of the price information collected by the system.

Supporters have one timely experience on their side; the recent volatility in the Japanese equity warrants sector passed off with barely a complaint from the numerous settlement departments.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday March 1 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Feb 28 Index No.	Tue Feb 27 Index No.	Mon Feb 26 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (202)	845.44	-0.7	13.53	5.16	9.00	1.80	849.61	850.11	846.60	951.16
2 Building Materials (27)	1026.03	-0.5	15.33	5.50	8.13	0.50	1030.87	1032.73	1025.43	1157.71
3 Contracting, Construction (37)	1404.95	-0.8	17.49	5.63	7.49	3.69	1415.77	1419.23	1419.47	1688.02
4 Electricals (10)	2343.37	-1.1	11.46	5.31	10.96	0.75	2369.00	2368.36	2352.47	2699.75
5 Electronics (30)	1860.72	-0.7	9.68	3.95	13.38	18.52	1874.59	1870.65	1877.87	2102.84
6 Engineering-Aerospace (8)	417.08	-1.3	14.50	5.29	8.47	0.04	422.36	419.56	415.78	0.00
7 Engineering-General (43)	456.65	-0.8	12.52	5.25	9.59	1.38	460.17	458.70	455.55	0.00
8 Metals and Metal Forming (6)	466.59	-0.1	25.25	4.59	4.47	0.00	467.13	466.39	463.30	528.36
9 Motors (16)	348.65	-0.6	15.16	6.13	7.73	0.00	350.87	351.02	351.00	313.83
10 Other Industrial Materials (25)	1522.97	-0.8	11.25	4.76	10.33	5.06	1535.67	1543.71	1532.28	1565.68
21 CONSUMER GROUP (177)	1216.89	-1.0	9.29	3.93	13.45	3.14	1229.19	1228.34	1225.70	1167.88
22 Brewers and Distillers (22)	1417.32	-1.3	9.85	3.71	12.52	6.57	1435.97	1436.96	1432.80	1381.91
25 Food Manufacturing (19)	1050.72	-0.7	10.37	4.40	12.00	1.70	1057.82	1057.54	1052.40	1020.29
26 Food Retailing (16)	2266.10	-0.8	8.96	3.35	14.49	6.99	2284.49	2278.36	2265.93	1973.09
27 Health and Household (13)	2382.76	-1.0	8.57	2.74	10.13	8.20	2407.28	2404.40	2392.80	2142.25
29 Leisure (31)	1490.77	-1.8	8.89	3.99	13.88	5.74	1518.63	1523.87	1524.94	1603.21
31 Packaging & Paper (13)	555.33	-0.1	12.65	5.58	9.98	8.90	555.75	555.04	554.98	591.57
32 Publishing & Printing (17)	3336.24	-0.7	9.70	5.28	13.16	21.20	3361.43	3364.16	3346.30	3702.62
34 Stores (33)	773.22	-0.7	11.31	4.83	11.61	1.78	778.75	776.00	771.80	761.09
35 Textiles (13)	493.53	-0.8	11.69	6.87	10.37	0.57	497.50	495.46	497.86	516.97
40 OTHER GROUPS (103)	1149.21	-0.5	11.05	4.89	10.84	1.57	1154.97	1154.77	1151.09	1052.56
41 Agencies (17)	1534.87	——	6.83	2.43	18.02	9.28	1533.97	1533.82	1516.11	1284.12
42 Chemicals (22)	1170.59	-0.1	12.32	5.64	9.55	0.57	1172.34	1174.62	1165.06	1198.45
43 Conglomerates (13)	1553.17	-1.2	11.58	6.31	10.16	5.27	1572.15	1573.95	1570.98	1473.31
44 Transport (13)	2239.02	-0.7	10.81	4.29	11.79	2.88	2254.06	2247.74	2241.35	2355.47
46 Telephone Networks(2)	1211.71	-0.5	10.48	4.33	12.41	0.00	1217.76	1216.75	1214.73	1103.66
47 Water(10)	2024.49	-0.2	17.21	6.69	6.43	0.00	2029.38	2041.34	2046.31	0.00
48 Miscellaneous (26)	1826.65	-0.3	9.83	4.50	11.47	1.11	1832.37	1827.38	1823.81	1461.72
49 INDUSTRIAL GROUP (482)	1115.42	-0.8	10.88	4.52	11.24	2.33	1124.16	1123.90	1119.75	1094.94
51 Oil & Gas (18)	2325.00	-0.6	10.42	5.18	12.69	31.87	2338.04	2332.08	2322.86	1871.50
59 500 SHARE INDEX (500)	1215.89	-0.7	10.82	4.62	11.43	4.59	1225.01	1224.32	1219.70	1161.507
61 FINANCIAL GROUP (114)	880.07	-0.5	–	5.58	–	5.42	884.79	885.67	810.29	40.532
62 Banks (9)	875.33	+0.1	18.12	6.28	7.29	15.55	874.45	867.74	870.26	733.58
65 Insurance (Life) (7)	1288.60	-1.3	–	5.15	–	0.00	1304.95	1308.84	1324.78	1046.72
66 Insurance (Composite) (7)	653.08	-1.6	–	6.08	–	0.00	663.79	670.02	691.24	592.68
67 Insurance (Brokers) (6)	1058.24	+0.2	6.97	5.95	19.11	0.73	1056.42	1059.56	1081.66	1002.26
68 Merchant Banks (8)	489.02	-0.3	–	3.68	–	0.04	490.44	488.56	487.00	346.33
69 Property (49)	1097.49	-0.9	8.27	3.93	15.29	1.39	1107.50	1109.33	1106.60	1291.67
70 Other Financial (28)	314.27	-0.6	13.81	6.75	9.56	2.30	316.05	315.42	315.18	377.42
71 Investment Trusts (68)	1142.87	-0.9	–	3.27	–	4.42	1152.67	1144.06	1131.41	1079.63
91 Overseas Traders (5)	1357.44	-0.1	11.20	6.74	10.50	30.79	1358.84	1357.36	1363.38	1430.36
99 ALL-SHARE INDEX (687)	1114.18	-0.7	–	4.73	–	4.90	1122.26	1121.66	1118.85	1059.75

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 28	Feb 27	Feb 26	Feb 23	Feb 22	Year ago
FT-SE 100 SHARE INDEX♦	2238.4	-17.0	2246.2	2236.8	2255.4	2254.8	2249.3	2256.7	2269.2	2039.7

FIXED INTEREST

PRICE INDICES	Thu Mar 1	Day's change %	Wed Feb 28	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	114.18	-0.29	114.55	0.04	2.06
2 5-15 years	120.66	-1.03	121.92	-	2.34
3 Over 15 years	126.81	-1.43	129.52	0.86	2.32
4 Irredeemables	144.00	-1.84	147.05	0.35	1.51
5 All stocks	120.81	-0.83	121.83	0.10	2.26
Index-Linked					
6 Up to 5 years	140.36	+0.06	140.27	-	0.94
7 Over 5 years	134.77	-0.04	134.82	-	0.81
8 All stocks	135.07	-0.03	135.12	-	0.82
9 Debentures & Loans	99.42	-1.18	100.61	-	2.12
10 Preference	78.51	-0.78	79.12	-	1.17

AVERAGE GROSS REDEMPTION YIELDS		Thu Mar 1	Wed Feb 28	Year ago (approx.)
British Government				
1 Low	5 years	11.88	10.98	9.26
2 Coupons	15 years	10.78	10.63	9.02
3	25 years	10.68	10.51	8.89
4 Medium	5 years	12.40	12.23	10.40
5 Coupons	15 years	11.26	11.04	9.44
6	25 years	10.84	10.63	9.01
7 High	5 years	12.52	12.36	10.53
8 Coupons	15 years	11.47	11.26	9.67
9	25 years	11.00	10.78	9.21
10 Irredeemables†		10.72	10.50	8.81
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.42	4.44	3.32
12 Inflation rate 5%	Over 5 yrs.	3.97	3.97	3.48
13 Inflation rate 10%	Up to 5 yrs.	3.47	3.48	2.44
14 Inflation rate 10%	Over 5 yrs.	3.80	3.79	3.31
15 Debs &	5 years	13.56	13.38	11.92
16 Loans	15 years	13.03	12.86	11.29
17	25 years	13.03	12.86	10.73
18 Preference†		11.75	11.66	10.83

♦Opening index 2246.2; 10 am 2240.2; 11 am 2236.6; Noon 2239.0; 1 pm 2239.9; 2 pm 2240.6; 3 pm 2243.1; 3.30 pm 2238.3; 4 pm 2236.9
(a) 9.00am (b) 11 09am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	89	4
Corporations, Dominion and Foreign Bonds	0	10	16
Industrials	181	457	959
Financial and Properties	61	282	356
Oils	15	25	52
Plantations	0	2	8
Mines	44	29	85
Others	63	41	155
Totals	368	935	1,635

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb 19
- Last Dealings March 2
- Last Declarations May 24
- For settlement June 4

For rate indications see end of London Share Service

Calls in GT Chile Growth Fund, Next, Courtwell, Leisure Invs., Cowie (T), Scottish & Newcastle, London & Manchester, Kwik-Fit and Hanson warrants.

LONDON TRADED OPTIONS

THE LONDON options market remained quiet yesterday in *featureless trading, as most institutional* investors stayed on the sidelines. However, index futures trading was more active following the volatile performance in their equivalent US markets.

The FT-SE 100 index options, which traded 8,150 contracts, accounted for nearly half of all *market volume. Put buyers were* in evidence as the FT-SE cash index weakened after the declines in Tokyo. Yesterday's total comprised of 6,671 puts and 1,479 calls. The December 2,300 put series was the busiest, trading 2,100 contracts.

Turnover was boosted by two *large bearish orders.* James Capel bought 1,400 December 2,300 puts at 134p, which was an *opening trade.* Another dealer bought 800 December 2,300 puts at 130p.

The reluctance of some investors to maintain an exposure to the equity market using options was underlined by the latest open interest figures. They show that the number of contracts outstand*ing at the close on* Wednesday, the day February FT-SE options expired, fell to 89,427, from 133,144 on Tuesday. This that some investors had not opened positions in forward months and simply let their February FT-SE options expire.

The movements of the FT-SE *futures index attracted options* dealers' attention, as it spent most of the day trading between parity and four points above the cash index.

The fluctuations in the US stock futures market dominated the afternoon but a *bear squeeze* developed just before the close and the futures market closed at an 8-point premium, compared with 10 on Wednesday. March *FT-SE closed 26 points lower at* 2,244.0, having traded 4,311 contracts.

In stock options, Trust House Forte was the busiest, trading 3,631 contracts. This was boosted by call selling against convertibles. Amstrad was second busiest, as 1,154 lots changed hands, on put selling.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*444)	420	37	48	68	5	13	17
	460	15	26	40	22	32	35
	500	5	12	25	55	62	63
ASDA (*109)	100	14	20	22	3	5	8
	110	6	14	17	7	10	12
Brit. Airways (*195)	180	23	26	33	3	6½	8
	200	10	14	22	10	15½	18
	220	3	7	13	26	30	31
[illegible]							

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Ultramar (*361)	360	20	35	45	17	22	27
	390	8	20	30	38	40	43

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*499)	460	51	68	80	13	20	30
	500	28	46	57	35	38	45
BAA (*395)	390	31	38	52	13	18	23
	420	14	23	-	30	35	-
BAT Inds	750	62	90	115	15	22	27
[illegible]							

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*49)	45	6	10	13	1	4½	6½
	50	2½	7	11	4	7½	9
Barclays (*579)	550	33	44	58	11	18	25
	600	4	19	32	47	47	52
Blue Circle (*222)	220	8	14	22	6	15	18
	240	-	7	13	-	28	30
British Gas (*218)	200	19	29	32	1½	4	5½
	220	4	16	18	5½	9	13
[illegible]							

Royal Insurance dives 43% to £126m after disasters

By Patrick Cockburn

PRE-TAX PROFITS at Royal Insurance, the UK composite insurer, last year fell 43 per cent to £126m largely as a result of Hurricane Hugo, earthquakes in San Francisco and Australia and UK subsidence losses.

Mr Ian Rushton, chief executive, said that the cost of these catastrophes totalled £113m. However, capital and reserves increased by 25 per cent to £2.66bn.

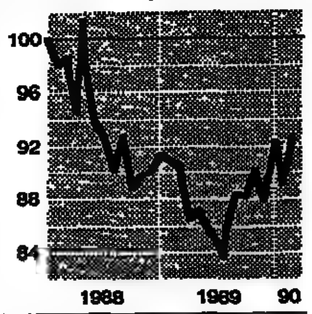
Earnings per share dipped to 18.6p (32.1p) but Royal's overall financial strength enables it to increase the final dividend to 14.75p, making a total for the year of 25.5p.

In addition to heavy weather losses last year, Royal announced that it expected its net losses from storms in the UK in January and February this year to total £85m in spite of reinsurance protection of £35m for each incident.

In the US, where Royal has 36.5 per cent of its business, pre-tax losses more than doubled to £98m (£44m) for three reasons: a continuation of the depression in premium rates, catastrophe losses of £56m, half from Hugo, and a continuing programme of increasing

Royal Insurance

Share price relative to the FT-A Insurance (Composite) Index



reserves.

Royal said that it was part of its strategy to expand its business in the UK at a faster rate than in the US. Pre-tax profits in the UK amounted to £159m (£150m).

This came in spite of a sharp rise in subsidence losses from £14m to £60m.

Despite a more competitive commercial and motor market there was an overall increase in premiums written of 12 per cent.

The International side was hit by a £10m loss from Hurricane Hugo in the Caribbean, a further £10m as a result of the Newcastle earthquake in Australia and some large property losses, notably in France. Pre-tax losses totalled £1m compared to profits of £14m in 1988.

Better results were seen in Canada where profits rose to £38m (£34m).

Life and related financial services, hit by a £26m loss from UK estate agency operations, reported overall profits down from £50m to £37m. As a result of the downturn in the UK property market, the number of house sales handled by the 760 outlets, down from 831 in 1988, fell by 39,000 to 61,000.

However, Royal said that its strategy of using the estate agents as distribution channels for its products was showing signs of success with the rate of house sales to mortgage related life sales rising from 23 to 46 per cent.

The value of its long term life business was £580m including £40m from Maccabees, the US life company purchased early last year.

See Lex

Courtaulds completes Southern Africa disposals

By Jim Jones

COURTAULDS, the chemicals and textiles company, has completed its divestment from Southern Africa, started in the middle of 1988, with the sale of its wood pulp and forestry interests in Swaziland.

Divestment began in July 1988 with the sale of Courtaulds' Umkomaas rayon pulp mill on the Natal coast to Sappi, the local pulp and paper company.

At the time Sappi agreed to buy Courtaulds' Usutu timber and pulp interests in Swaziland and announced a R30m expansion programme to increase Usutu's bleached kraft pulp production from 180,000 tonnes per year to 220,000.

However transfer of the Swazi interests appears to have been delayed by Swazi susceptibilities and the expansion was put on ice, although Sappi has been managing the Usutu operations.

Some 18 months of negotiations have now culminated in Courtaulds' sale of 49 per cent of Usutu to Sappi for R135m (£31.3m) and 1 per cent to Fosco, a Liechtenstein company.

The Commonwealth Development Corporation, which owns the other half of Usutu, is selling 5 per cent to Swazi institutions and 19 per cent to Fosco. It intends retaining a 26 per cent interest.

The agreement involves a return of the forestry land to the Swazi nation which, in turn, will lease the land back to Usutu for 100 years.

Usutu will retain ownership of the trees.

Blue Circle SA rises to R119m

By Jim Jones
In Johannesburg

BLUE CIRCLE, the South African cement company controlled by Blue Circle Industries of the UK, shrugged off lower demand from the building industry in 1989 and lifted sales and profits with the help of acquisitions.

Turnover advanced from R138.5m to R171.3m (£39.8m) and pre-tax profits rose from R92.8m to R119.4m. Although cement sales have been affected by slower building starts, demand is growing as major civil projects get into swing.

South Africa's three cement producers operate a cartel and each has considerable excess manufacturing capacity.

Earnings per share rose from 305.5 cents to 329.8 cents and the year's dividend is raised to 110 cents (100 cents).

Saatchi shares fluctuate as executives hold summit

By Alice Rawsthorn

SAATCHI & SAATCHI, the communications and consultancy group, saw its shares fluctuate on the stock market yesterday as the senior executives of its communications division gathered in London for a special summit meeting.

The Saatchi share price, which dropped dramatically last week, rose by 9p to 150p during the day – after peaking at 153p – because of heavy buying by US investors.

Last week Saatchi's shares fell by more than a third, chiefly due to heavy selling in the US. Shareholders panicked when the group's newly published annual report disclosed the extent of its financial difficulties and when Mr Robert Louis-Dreyfus, Saatchi's recently appointed chief executive, issued a profits warning.

Saatchi is conducting a complete review of its businesses, which could include bringing in new investors or new capital. Mr Louis-Dreyfus and Mr Charles Scott, who joined Saatchi with him as finance director, recently completed a study of the group's strategic and financial position.

Yesterday's summit meeting was called so they could brief the heads of the communications companies on their proposals for the future of the division.

Mr Louis-Dreyfus and Mr Scott also discussed the group's financial position in advance of Saatchi's annual general meeting on March 13.

The Saatchi brothers – Charles and Maurice – attended neither yesterday's summit, nor the dinner that preceded it on Wednesday night.

A report in yesterday's Campaign magazine said that Mr Louis-Dreyfus and Mr Scott planned to appoint at least one non-executive director to strengthen the Saatchi main board.

Yesterday's meeting, held at Saatchi's opulent headquarters in Berkeley Square, W1, was attended by the senior executives of its advertising interests.

They included Mr Carl Spielvogel, chairman of the Backer Spielvogel Bates network run from New York, and Mr Bill Muirhead, chairman of the flagship Saatchi network agency at Charlotte Street in London. The heads of the other marketing services networks – including Mr Alan Siegel, who runs the Siegel & Gale design network from New York – were also present.

Mr Louis-Dreyfus and Mr Scott used the meeting – which is intended to be the first of a series of quarterly meetings for the heads of the communications networks – to outline their plans to stabilise Saatchi's financial position.

They also emphasised the need to continue cutting overheads to bring costs in line with revenues.

Saatchi, which is suffering from the slowdown in the US and UK advertising markets, recently unveiled a radical restructuring programme at its London agency.

Backer Spielvogel Bates has been forced to cut costs in New York because of the loss of a $70m (£42m) account for the Prudential Corporation.

Loan provisions chop Barclays to £692m

By David Lascelles, Banking Editor

BARCLAYS, the UK's largest banking group, reported pre-tax profits halved in 1989 because of a large provision against doubtful third world loans. Pre-provision profits increased its earnings by 20 per cent.

The outturn was £692m compared with £1.4bn after provisions of £983m, including £72m against unpaid interest. Barclays' cover on third world exposure is now 70 per cent, or 64 per cent if the bank's exposure to South Africa is included.

Over the last 18 months Barclays has managed to reduce its exposure to countries in financial difficulty by more than £1bn to £2.5bn.

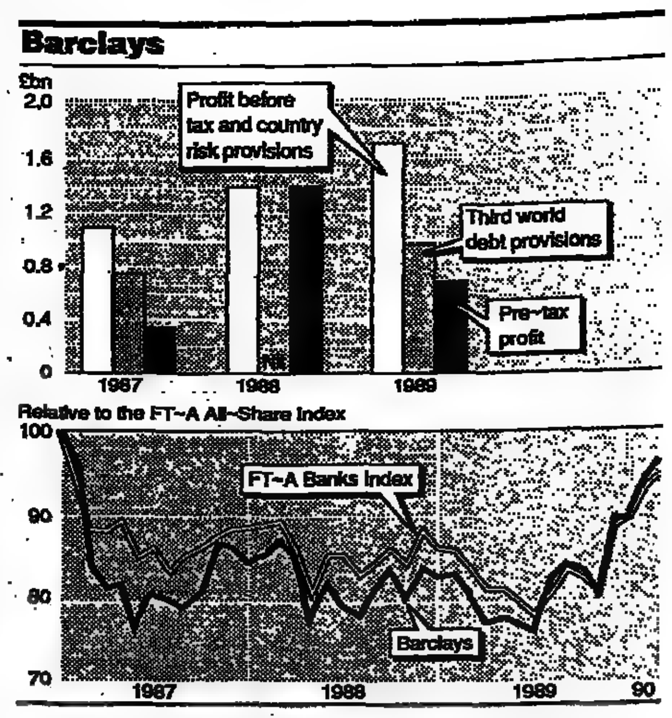
The attributable profit was £452m, down from £887m, equivalent to earnings per share of 40.4p, down from 87.8p.

But the total dividend is being increased by 19 per cent to 27.4p with a second interim of 16p.

Sir John Quinton, chairman, said: "Strong underlying growth in 1989 lays a secure base for the future expansion of our business. This performance is a most encouraging achievement in a year when competition intensified in many of our markets and economic conditions slowed down."

In addition to its third world provisions, Barclays set aside £414m to cover doubtful loans. Although this was relatively less than some of the other clearers, Sir John said he believed this level was adequate and followed a thorough

Barclays



review of the bank's exposures.

Apart from the third world problem, most of Barclays' operations showed a strong advance. The UK domestic banking and treasury operations were the principal contributor to profits with £1bn, up 33 per cent, thanks mainly to increased business lending volumes and tighter control on costs.

The financial services division was up 59 per cent to £165m, notably through growth in life assurance and pension policies. But mortgage-related products suffered from the weakness of the housing market.

Mounting competition and funding costs squeezed the central retail services division, which includes the Barclaycard credit card business. Bad and doubtful debts among cardholders also increased. As a result, profits were down to £42m from £99m.

Barclays de Zoete Wedd, the group's investment banking arm, increased profits by 64 per cent to £54m after making a charge of £32m to cover exposure to the controversial local authority swaps market. This represents a return of 16 per cent on capital, without the provision it would have been 25 per cent.

The main contributor was the global equities business, but fixed income operations also moved into profit overall.

Mercantile Group, the leasing subsidiary, saw a sharp fall in profits as higher funding costs squeezed lending margins. The company reported profits of £51m, down from £91m.

International treasury and banking operations in the UK bore the brunt of the third world provisions. The division incurred a loss of £873m (profits of £88m).

US operations, which are being restructured, raised profits to £72m (£43m).

Total assets grew by 22 per cent over the year to £127.6bn. All but £1bn of this occurred in the first half.

Capital resources increased by £1.2bn to £9.5bn, leaving tier 1 capital at 5.7 per cent and total capital at 9 per cent. However including the £145m profit after tax from the sale of its stake in the Yorkshire Bank and the effect of a proposed £450m capitalisation issue from property revaluations, the ratios will rise to 6.2 per cent and 9.2 per cent, respectively.

Barclays ratio of cost to income declined from 66.4 per cent to 64 per cent. Mr Andrew Buxton, the managing director, said it was Barclays' intention to keep the ratio on a declining trend.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Admiral Comput ......fin	2.4	May 11	1.75	3.5	2.55
AAF Investment ......fin	6.5♠	May 11	4	10	6.5
Barclays ......fin	16☆	May 10	13	27.4	23
Fife Indmar ......fin	3.375†	Apr 23	3	4.125	3.75
Freeman § ......fin	5.35	Apr 27	4.5	8.1	6.75
Foreign & Colon ......fin	1.8	-	1.54	2.6	2.26
Macro 4 ......int	3.7	May 8	1.9	-	7.8
MTM ......fin	2.8†	-	2.4	4.2	3.5
Murray Intl Tst ......fin	3.2	-	5.25	9.2	7
Polypipe ......int	1.1†	Apr 9	0.92	-	3
Royal Insurance ......fin	14.7†☆	May 11	13	25.5	22.5
Takare ......fin	1.7	Apr 20	1	2.7	1

Dividends shown pence per share net except where otherwise stated. ♠Gross. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Carries scrip option.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Consolidated Plantations, Linost, NESCO Investments.
Finals- Hampden Homecare, INOCO.

FUTURE DATES

Interims-
CALA ...... Mar. 6
Gent (SR) ...... Mar. 7

Finals-
ADT ...... Mar. 8
Brammer ...... Apr. 3
Capita ...... Mar. 5
City & Commercial Inv Tst ...... Mar. 5
Consolidated Venture Tst ...... Mar. 6
Ericsson (LM) ...... Mar. 15
Forward Technology Inds ...... Mar. 8
Intl Business Comms ...... Apr. 19
Life Sciences Intl ...... Mar. 7
Nichols (JN) (Vimto) ...... Mar. 8
Simon Engineering ...... Mar. 13
Singapore Para Rubber Est ...... Mar. 7
UK Paper ...... Mar. 21

UK COMPANY NEWS

Markheath unveils hostile bid for Camford

By David Owen

MARKHEATH SECURITIES, the UK investment vehicle of Adelaide Steamship, the Australian industrial and retailing conglomerate, has unveiled a widely-anticipated hostile bid for Camford Engineering which values the motor components manufacturer at £63.8m.

Camford described the 305p per share offer as "inappropriate and inadequate" and strongly advised its rejection. Nonetheless, the shares raced ahead to close at 308p – a gain of 64p on the day.

Markheath, which has built its Camford stake to 29.96 per cent over a two-year period, gave a two-pointed explanation for its belief that the company would enjoy better prospects in its hands.

First, it asserted, Camford has inadequately refocused its business to take account of the internationalisation of its marketplace.

Second, it said, the group has not managed certain property assets and manufacturing capacity as efficiently as it could have. "We are not criticising the way they manufacture car-parts", said Mr Paul Bobroff, Markheath managing director.

Mr Brian Cox, Camford chairman, retorted by claiming that the exported portion of the company's business is larger than it appears because its customers frequently ship UK-delivered components out of the country.

The UK accounted for fully 96 per cent of the group's £125m turnover in the year to last September 30. Over the same period, pre-tax profits were ahead 36 per cent to £5.83m. Its principal products are heavy pressings and axles for customers which include Ford, GM and Rover.

On the property front, the company has been engaged for some time in selling the Stevenage base of its George W King motor parts subsidiary.

It also has a 20-acre site on the edge of a disused airfield at Bourne, near Cambridge, and a further tranche of land housing a heavy pressing plant in a residential area of Bedford.

A revised planning application regarding the Stevenage site is currently in the hands of local authorities, following negotiations to overcome planning and access problems. The George W King operation is now expected to relocate to newly-leased premises at Letchworth by the summer.

In the year ended March 31 1989, Markheath – by tradition a property developer – made pre-tax profits of £11.7m on turnover of £40m. Borrowings stand at £31m. The group was unable at this stage to state the amount by which indebtedness would increase if yesterday's cash offer with loan note alternative is successful.

In January, the group raised £45.4m through a one-for-one share issue. Mr John Spalvins, Adelaide Steamship chief executive, said at the time that the issue would allow Markheath to cut borrowings to £20m by the March 31 balance date.

Markheath shares fell 1p to 84p.

John Spalvins: chief executive of Adelaide Steamship — Terry Kirk

Hartwell attacks Jameel again

By John Thornhill

HARTWELL, the embattled Oxford-based motor group, yesterday hit out yet again at the Saudi Arabian Jameel Group which is bidding £172.4m for the company.

In another defence document, Hartwell claimed that Jameel had run into serious problems over the possible transfer of franchises with BMW, Jaguar, and Mercedes-Benz, which explained why it was not offering a full price.

The Jameel Group countered by declaring its offer for Hartwell's convertible preference shares unconditional. It owns or has received acceptances for 53.5 per cent of these shares. It also speaks for just under 34 per cent of Hartwell's ordinary.

Hartwell's shares remained unchanged at 156p yesterday, marginally above Jameel's 155p per share offer, which closes on March 12.

● Mercantile Group, which has a 6.8 per cent shareholding in Hartwell, said yesterday that it was no longer under any form of obligation to retain its shareholding.

Mr Tom Clark, finance director, said Mercantile would now consider the stake on its commercial merits but had not yet decided whether it would accept the Jameel offer.

Takare beats forecast and doubles to £2.15m

By John Thornhill

TAKARE, the nursing home operator, recorded more-than-doubled pre-tax profits of £2.15m in 1989, slightly ahead of the profits forecast it made when joining the stock market last May.

The advance from £1.04m was scored on turnover 44 per cent ahead at £8.45m (£5.85m).

Takare, which boasts the company slogan "Who Cares Wins", runs nine nursing homes with more than 1,000 beds. A further 720 are currently being brought into operation and by the end of this year it plans to have facilities for 2,700 beds either in operation or under construction.

The company operates in what it calls the "high dependency, continuing care" sector, caring for the elderly, the handicapped and the mentally infirm. Mr Keith Bradshaw, chairman, said: "We are dealing with very sick people who would otherwise be in hospital."

A third of Takare's beds are occupied by patients from the National Health Service. Of the remainder, 20 per cent are privately funded and 80 per cent are supported by the Department of Social Security.

Mr Bradshaw said the UK's long-term demographic forces favoured a great expansion of its business. By the end of the century, the over-85 population was expected to increase from 800,000 to 1.2m. More than 50 per cent of these would probably suffer from some form of physical or mental infirmity, he said.

During the year, Takare sold its Bexhill-on-Sea nursing home, realising an extraordinary profit of £529,000.

Earnings per share were 59 per cent higher at 18.1p (11.4p). A final dividend of 1.7p is recommended, making a total of 2.7p (1p).

Takare's shares shed 10p yesterday to close at 558p.

Polly Peck sets up Turkish TV venture

By Jim Bodgener in Ankara

POLLY PECK International, the electronics and fresh produce group, and France's Videocolor, a subsidiary of Thomson Consumer Electronics, have entered into a joint venture for the erection of a colour television tube factory near Istanbul in Turkey.

Called Vescolor, the new company will be formed between PPI's Turkish subsidiary Vestel and Videocolor with shares of 75 per cent and 25 per cent respectively, aiming for an initial $50m (£29.89m) investment.

Videocolor will provide the technology for the plant, which is expected to export about 30 per cent of an annual capacity of 800,000 units. It will be erected at Corlu, next door to Vestel's existing black and white monitor plant.

Financing will come entirely from outside Turkey; the International Finance Corporation may participate both as an investor and minority shareholder, according to industry sources.

The deal follows on from PPI's ground-breaking purchase of a 51 per cent interest in Japan's Sansui last year.

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	80.66	82.43	83.74	83.92
Fixed Interest	90.62	91.96	92.36	93.21
Ordinary	1816.5	1894.2	1863.3	1758.0
Gold Mines	325.2	337.4	306.9	266.4
SEAQ Bargains (5 p.m.)	26,526	31,097	30,046	23,641
F.T.-Actuaries				
Industrial Group	1144.67	1192.86	1180.46	1125.05
500 Share	1249.22	1291.61	1280.70	1212.80
Financial Group	826.45	845.29	837.64	775.35
All-Share	1146.53	1184.51	1175.26	1108.36
FT-SE 100	2297.0	2367.8	2356.5	2205.5

	February High	February Low
Ordinary	1868.4 (2nd)	1782.3 (23rd)
All-Share	1174.99 (2nd)	1114.95 (23rd)
FT-SE 100	2355.1 (2nd)	2236.7 (23rd)

UK COMPANY NEWS

Godfrey Davis goes off Sketchley

By John Thornhill

GODFREY DAVIS, the car dealing and laundry group, has dramatically withdrawn its £126m offer for Sketchley after the dry cleaning and office services group forecast that it would show a loss in the second half of the year.

Mr John Ivey, Godfrey Davis chief executive, described the forecast as lamentable and said he was not prepared to damage Godfrey Davis's interest by overpaying for Sketchley.

"We find it quite amazing that the course of things for Sketchley should change so quickly in a couple of months," he said.

In its defence document sent out yesterday, Sketchley said that pre-tax profits for the year to March 30 might fall to about £6m – including an exceptional credit of £2.2m – way below the previous year's £17.3m.

Godfrey Davis claimed that excluding the exceptional credit, this reflected a loss of £1.6m for the second half.

Sketchley's defence document warns that full-year profits might fall to £6m. The chairman said this would not impair the potential for a significant improvement in the future

Godfrey Davis's chief executive described the forecast as lamentable and said it was not prepared to damage its interest by overpaying for Sketchley

Earnings per share were forecast to fall sharply to 13.2p (35.7p) and the year's dividend to 13p (20.9p).

Mr Malcolm Glenn, Sketchley's chairman, said that although he was disappointed by the profits forecast it did not impair the potential for a significant improvement in profits in the future.

Mr Glenn said trading difficulties had arisen in the group's vending and office services divisions. Sketchley Vending is expected to record a loss in the current year because of lost contracts, increased marketing expenditure and "deficiencies in accounting procedures."

The office services division, which includes the Mellordata company, has also been affected by problems. Three directors left Mellordata last year and provisions have also had to be made against stock valuations. The division will probably only break even in the current year.

Sketchley's dry cleaning businesses, however, are forecast to swell operating profits from £3.5m to £5.5m, while the textile rental interests are expected to increase their contribution to £3.8m (£1.5m).

Sketchley's shares fell heavily on the release of the document, but steadied to close 6p down at 349p.

The announcement of the withdrawal of the Godfrey Davis offer came after the close of the market. Its shares were, however, 1p lower on the day at 138p.

Foreign and Colonial net assets rise by 41%

By Nikki Tait

FOREIGN AND Colonial Investment Trust yesterday announced that net asset value rose by 41 per cent during 1989 – easily outstripping the 30 per cent rise in the FT-Actuaries All-Share Index.

The net asset per share figure rose from 141p to 199.4p over the 12 months. At the six-month stage, it showed a 25 per cent increase at 176.8p.

The final dividend of 1.8p makes a total of 2.6p.

The company – Britain's second largest investment trust – attributed the healthy gain to a combination of factors. There had been a shift in geographical weightings away from the UK and Japan and towards the US and Continental Europe. The company took on additional borrowings during the year, allowing it to invest into rising markets; and in addition fund managers anticipated US dollar movements correctly.

The trust added that the deal between Foreign and Colonial Management and Hypo Bank of West Germany had little effect on the figures. The F&C trusts, the sole owners of their management company, sold a 50 per cent stake to Hypo Bank in July.

At the year-end, just over 40 per cent of the trust's portfolio was in the UK, compared with about 44 per cent a year earlier. Currency exposure to the UK was even lower at 34 per cent.

Meanwhile, North America accounted for 26.5 per cent of total assets, while Japan was only 14.5 per cent. Europe accounted for 18.9 per cent.

Looking at prospects, the fund managers said they expected interest rates generally to be lower by the year-end and equity markets "could cheer up a bit."

They added that the trust had not increased liquidity since the year-end, but was "carefully buying into selected situations" in the UK, Europe and the US. Its largest UK holdings at the year-end included BTR, Shell, BAT Industries, Robert Fleming (the unquoted investment banking group), RTZ and BP.

Net revenue before tax last year was £21.2m (£17.1m). The trust's shares eased 1p to 148p yesterday.

See Lex

Increased exports and lowered costs lift ASW 31% to £40.4m

By Vanessa Houlder

INCREASED SALES to Continental Europe and improved operating efficiency helped ASW Group, the Welsh-based steel company, lift 1989 pre-tax profits by 31 per cent from £31.6m to £40.4m.

Turnover increased by 15 per cent to £451.1m (£392.6m). Turnover in the UK was £335.1m (£304.1m); in the rest of Europe £100.9m(£63.6m); and in the rest of the world £15.1m (£24.9m).

Continued strong cashflow resulted in net cash of £16.6m at the year end compared with net debt in 1988 of £6.2m.

Mr Alan Cox, chief executive, said the company was looking for acquisitions in both Continental Europe and the UK, and did not restrict itself to the steel sector.

The company has adopted the new pension accounting standard which resulted in a nil charge to profits in 1989 compared with £1.5m in 1988. A small charge is expected in 1990.

Because of the pre-tax profit growth employees have become eligible to subscribe for shares in a matching offer share scheme for which the company has provided £1m.

An extraordinary profit of £500,000 arose from a gain on the sale of its 49.9 per cent equity stake in Norton Barrow.

Fully diluted earnings per share increased from 24.7p to 30.6p. A recommended final dividend of 7p makes a total of 11p, which compares with a special dividend in 1988 of 5p.

● COMMENT

Rarely is the City so divided over a company's prospects. At one end of the scale, the doubters reckon that the declining demand in the UK – which accounts for 74 per cent of sales – could slash profits to as little as £32m. At the other end, the optimists reckon that profits could rise as far as £45m. They concede that demand from the UK's construction and engineering sectors will decline, but they believe that ASW's superb record in building up its Continental European sales proves that it has sufficient flexibility to make up the loss. It is still one of the lowest cost producers in Europe and following the removal of EC production quotas it has plenty of scope to increase its market share. Moreover, on this view, its profits will be bolstered still further by the income from its rapidly increasing cash pile. However, even taking the brightest forecast – which puts the shares, unchanged at 256p, on a p/e of 6 – the stock seems unlikely to perform given the degree of scepticism and uncertainty in the market.

Macro 4 meets budget with 18% gain to £3.3m

By Vanessa Houlder

MACRO 4, the computer software group, yesterday announced an 18 per cent rise, from £2.78m to £3.28m, in pre-tax profits for the six months to December 31.

Turnover increased from £5.88m to £6.96m.

The company has launched five new products since September, making a total of 22 products.

Its cash balance fell by £473,000 to £8.62m following a large increase in its final dividend and further outlay on its new office building.

All the contributions from overseas subsidiaries were close to or slightly over budget.

With the exception of West Germany, all the overseas agents produced increased contributions.

Mr Terry Kelly, chairman, said he was investigating the situation with a view to establishing a prompt remedy.

Earnings per share increased by 16.5 per cent to 9.2p (7.9p).

An interim dividend of 3.7p (1.9p) is declared.

● COMMENT

Macro 4 may have the odd hiccup with its overseas agents and subsidiaries but the overriding impression is still of a marvellously stable earnings machine. Thanks to its rental stream, turnover would be greater in the next 12 months than the last even if sales stagnated. That, though, seems unlikely. Macro is confident that it can develop new products and increase its market share, particularly in Continental Europe. But while it seems churlish to gripe at Macro's impressive earnings record, its rate of growth is less than was hoped for three years ago, when analysts were used to fast increasing profit margins. Partly as a result, Macro's shares have gone almost nowhere in the past few years. Yesterday, they were unchanged after the results at 288p. That puts them on a reasonable p/e multiple of 13, assuming it makes £7.6m pretax this year.

Greystoke returns to Lanca with 1.61m share purchase

By Clay Harris, Consumer Industries Editor

MR ANDREW Greystoke, veteran of many a small company in recent years, returned yesterday to one of his old favourites and promised to give it his undivided attention.

Mr Greystoke, who left City and Westminster Group in November after a boardroom split, has bought 1.61m shares in Lanca, the handbag importer and character merchandiser from which he made a timely departure just before the 1987 crash.

Taking account of "put" options held by the seller, Mr Chimu Gidoomal, a private company controlled by Mr Greystoke, may end up with 26 per cent of Lanca.

Lanca shares yesterday rose 8p to 38p, compared with Mr Greystoke's purchase price of 40p and the 100p at which CWG's predecessor company sold its previous stake in September 1987.

The advance came despite Lanca's warning that its performance in the second half of 1989 had been significantly affected by the retail slowdown and high interest rates. It expects to report a "modest profit" for the year after a pre-tax figure of £1.44m in 1988.

Mr Greystoke said yesterday Lanca would concentrate on developing merchandising operations, which supply sheets, towels, bags and children's clothing bearing the images of popular characters such as Postman Pat and Felix the Cat.

The hyperactive deal-making for which he had been known was a thing of the past, Mr Greystoke said. Lanca would stick to its present sectors and not venture into corporate finance.

Mr Greystoke will be executive chairman of Lanca, but he stressed: "I am not a manager. I will not be managing this business." Joining the board are Mr Andrew Murdock and Mrs Elizabeth Flach, former Lord Mayor of Westminster.

As long as he was at Lanca, he added, he would not take a major role at any other public company. Accordingly, he would resign as chairman of Alpine Group, the soft drinks distributor, as soon as its future had been assured.

CWG, a leading shareholder in Alpine, has been trying to remove him since last autumn. Drafting of his departure package from CWG itself was continuing, he added.

MTM advances 41% to £9.3m

By David Owen

MTM, the specialist chemicals manufacturer which last month launched a hostile £12m takeover bid for Chemoxy International, reported a 41 per cent advance in pre-tax profits. The increase was spurred by organic growth and contributions from past acquisitions.

The results were published some four weeks ahead of schedule to provide a more exact basis for comparison with any profit forecast that may appear in Chemoxy's imminent defence document. "Otherwise it would have been their forecasts and our historicals," said Mr Richard Lines, MTM chairman.

The rival chemicals group, which is located just eight miles from MTM's Cleveland headquarters, has described the 400p-per-share offer as unacceptable.

MTM's pre-tax profits for the year to December 31 were £9.3m against £6.6m a year earlier. Turnover climbed 12 per cent to £63.7m (£56.7m).

The turnover figure included £8.1m (£16.1m) relating to MTM's share of the turnover of Norsochem, the group's joint venture with Orkem of France, for the five months to May 31 1989. At that time, MTM sold its 50 per cent stake in the joint venture for £9.5m.

Proceeds from the sale were included in a £1.3m extraordinary gain taken below the line.

Earnings per share rose 17 per cent to 17p (14.5p), in spite of a 14 per cent increase in the weighted average number of shares in issue during the year.

A final dividend of 2.8p is recommended, giving a total for the year of 4.2p (3.5p).

In spite of a near doubling to £20m of the group's capital expenditure, it ended the year with no gearing for the third time running, and with net assets ahead sharply at £40.3m (£20m).

The benefits of the accelerated spending programme will be felt in future, said Mr Lines. "There is no sign of recession in our business," he added.

The shares climbed 6p to 215p.

Laporte buy completes Brent's restructuring

By Nikki Tait

LAPORTE INDUSTRIES, the chemicals company, is buying Reddish Savilles, which makes and distributes detergents and brewing aids, from Brent Chemicals International.

Laporte is paying £23m cash, of which £19.5m is for goodwill and the remaining £3.5m for stock and fixed assets. Brent said that its retention of net current assets, excluding stock and before tax, should generate a further £1.2m.

Brent acquired Reddish Chemical Company in 1982 and merged it with the Savilles Hydrological Corporation. In 1989, sales of Reddish Savilles were £10.5m and pre-tax profits, £2.5m. Net tangible assets at the end of the period were £3.77m.

Brent said the sale completed its restructuring, which is designed to focus on electronics, printing pre-press services and packaging inks and coatings, aerospace and industrial metal finishing markets.

Freeman ahead 24% to £2.46m

Strong performances from its roofing and inner-city refurbishment activities helped profits at Freeman Group advance 24 per cent in 1989.

The USM-quoted distributor of insulation materials and building products recorded a pre-tax improvement from £1.98m to £2.46m.

For the coming year Mr Euan English, chairman, said conditions would not be as buoyant in the early 1990s as they were in the late 1980s.

Turnover was £52.83m (£33.04m), up 60 per cent, with earnings per share of 28p (23.7p) basic, or 26.7p (22.7p) fully diluted. The directors are recommending a final dividend of 5.35p, making a total for the year of 8.1p (6.75p).

At the end of the period, borrowings were £2.1m, almost entirely in French francs resulting from the acquisition of Ouest Isol.

Whitbread sells Scottish pubs for £9.3m

By Philip Rawstorne

WHITBREAD, the brewing and retailing group, has sold its 27 pubs in Scotland to the Allen Partnership, a Sussex-based pub company, for £9.25m.

The sale follows Whitbread's decision to concentrate its future operations in Scotland on chain retailing through Beefeater Steak Houses, Pizza Hut, Thresher off-licences, Brewers Fayre and TGI Friday's. More than £50m is being invested in these activities.

The outlets covered by yesterday's deal are mainly café bars and pub restaurants. Eighteen of them comprised Whitbread's managed estate in Scotland, and a further nine were operated under a joint venture with Mr Bill Baillie, a Glasgow businessman.

All operational management and staff, some 350 people, will transfer to Allen which plans to set up a Scottish headquarters and expand the business to around 50 pubs over the next few years.

COMMODITIES AND AGRICULTURE

Nickel sees biggest move in ten months

By Kenneth Gooding, Mining Correspondent

NICKEL PRICES jumped by more than 9 per cent on the London Metal Exchange yesterday, the biggest price movement the metal has seen in one day since April last year.

Analysts were surprised by the size of the upward movement but suggested that before long the nickel price would resume its downward momentum.

European stainless steel mills had recently scrambled to buy nickel to lock into current relatively low prices, said Mr Jim Lennon, analyst with the mining team at the Shearson Lehman Hutton financial services group.

This in turn sent traders who were "aggressively short" (or had sold a great deal of metal they did not own) rushing to buy nickel to cover their requirements, he suggested.

The upshot was that nickel for delivery in three months at one stage yesterday traded up to $8,350 a tonne, the highest level since late December.

The price eased back a little to close at $8,275 a tonne, up $687.5.

Nickel for immediate delivery closed $700 a tonne up at $8,375.

Mr Robin Bhar, analyst with the mining team at the W I Carr financial services group, said the increase was not sustainable but pointed out that the price had met very stiff technical resistance at $8,000 a tonne.

If it could consolidate above that level, it might then continue to go up.

Mr Bhar said that there were recent indications from the industry that stainless steel production, which takes about 60 per cent of nickel output, would not be as bad as some others were forecasting and might be down this year by only 2 per cent from the 1989 level.

Mr Lennon suggested, however, stainless consumption would be 5 or 6 per cent down on 1989 so nickel's price rise would not be sustained for long.

"But it came down from $10,000 to $5,000 almost without a stop and it was due for some retracement after such a steep decline," he said.

The analysts pointed out that nickel also benefitted from a change in sentiment in the markets following rises in the prices of copper and other non-ferrous metals.

"But we didn't expect nickel to take off like this," said Mr Bhar.

Increase in wheat output set to reach 18m tonnes

By David Blackwell

WORLD wheat production is set to rise by almost 18m tonnes to 555m tonnes in 1990/91, giving scope for limited replacement of stocks, according to the International Wheat Council.

At the end of the year, world stocks are projected at 107m tonnes, up 7m tonnes on the estimate for 1989/90, but well below the 1986/87 record of 162m tonnes.

The outlook for global production appears quite favourable at this early stage, says the IWC in its preliminary forecast. A second consecutive increase in wheat area is expected, adding 3m hectares to give a total of 231m hectares. In addition, a recovery is expected in US yields, which last year were the lowest since 1978.

Consumption is forecast to rise from 543m tonnes to 547m tonnes in the coming year. But many of the factors which have constrained consumption of wheat-based products, particularly in developing countries, will continue to inhibit effective demand, says the IWC report.

These include substitution of other grains in foods, higher flour extraction rates and reductions in domestic subsidies.

Producers recover in spite of lull in talks

Bob Jones examines the unpredictable performance of the world market for Iron ore

PROSPECTS for iron ore producers look better now than they have for a decade. But that did not stop the 1990 iron ore "mating season" grinding to a temporary halt last week.

Talks in Germany and Japan, the most important consumers in the international market, floundered amid arguments over freight rates and the relative merits of different ore grades. To everyone's surprise, a strange lull crept over the market as both sides sit tight and contemplate their next moves.

Iron ore is a peculiar trade. Prices are set just once a year in a series of meetings – the "mating season" – which can last between one and six months. Roughly 95 per cent of iron ore is sold to steelmakers, yet the Soviet Union and US, first and third in the league table of steel-producing nations, play little or no part in the international market because of ample indigenous ore supplies. This leaves Japan and Western Europe as the most influential buyers.

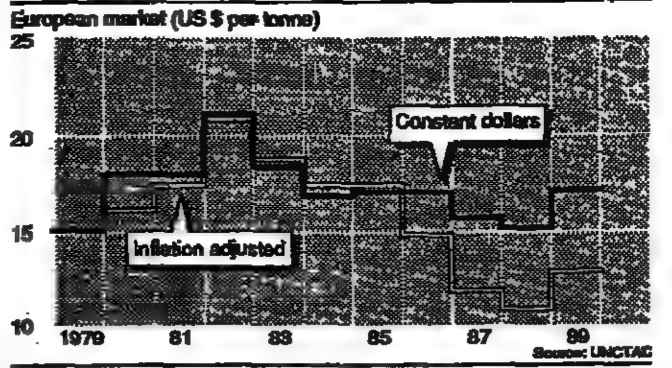
There are, perhaps, only 20 major iron ore suppliers who can claim to be independent of control from either steel mills or state planners. So despite world production of almost 960m tonnes in 1988, the iron ore market has an incestuous air.

During the mating season, especially, rival producers watch each other obsessively. And yet prices are discussed with a startling openness and it is not uncommon for two negotiators who have just failed to book a settlement to inform the market of the precise bid and offers left on the table at the time the discussions were brought to a close.

In the 1980s, iron ore producers suffered a price decline in real terms. But because iron ore tends to react sluggishly to changes in finished steel prices, it was only last year, when the longest boom in steelmaking history was showing signs of coming to an end, that the mining companies managed to force steelmakers to reverse this decline.

Iron ore price

European market (US $ per tonne)



The problem for the producers has been over-supply. In 1988, for example, the second largest supplier, Australia's Hamersley Iron, had a stockpile of 17m tonnes, equivalent to five months' production.

For all the market's superficial frankness, discounts do take place on stated prices. Thus, real levels are kept a closely-guarded secret. Spot sales, those which take place outside the terms of the annual contracts, rarely come to light. Some ore traders deny that any take place at all.

The need for discounts has certainly receded since the current system was set up, whereby quantities are fixed for years in advance between supplier and end-user.

By the time the 1990 mating season began in November last year, the steel boom had whittled Hamersley's stockpile down to less than 3m tonnes. The Lamco ore mine in Liberia also stopped producing, though a joint venture between the Liberian and Guinean governments should keep ore flowing at the rate of 3.8m tonnes a year. Suddenly, ore buyers found themselves in the unusual position of having to worry where next year's supply would be coming from.

Traditionally, Cia Vale do Rio Doce of Brazil and the West German mills have set what becomes the reference price each year for the rest of the industry.

EUROPEAN consumers' prices change on a calendar year basis, while the Japanese negotiate on the fiscal year (April to March). As a result, prices tend to be set in Europe first.

For 1990, CVRD demanded a 30 per cent price increase from the Germans back in November, to follow the 1989 increase of roughly 13 per cent. While it was clear mines had started to make a profit again, CVRD argued there was a need for prices to return to their 1982 levels in order to provide sufficient revenues for expansion programmes or to encourage financiers to back the development of unexploited ore bodies.

The Germans did not even deign to table a counter-proposal. Other consumers backed the German mills' stance, saying new programmes would not be necessary for a further five years. Another round of talks between CVRD and the Germans in November produced little material progress and the mating season was postponed till after Christmas.

The first break-through came on January 17. It again involved CVRD and the Germans and caused widespread disappointment among ore sellers. CVRD agreed to a 15.96 per cent increase on its benchmark grade – Tubarao fines – giving a fob price of 30.8 cents per metric tonne unit. One Australian producer wondered: "why is it always we who have to make the compromises?"

Two suppliers to the European market, Sweden's LKAB and Mauritania's Snim, quickly followed the example set by CVRD. LKAB booked 1990 prices with Dutch mill, Hoogovens, the next day, as did Snim with Italy's Ilva. But those were the only two deals of consequence. Today, more than six weeks later, Snim is the one notable supplier to have completed talks with all its European customers.

But the CVRD settlement did allow Hamersley, the largest supplier of iron ore to Japan, to settle one week later in Tokyo on January 24.

Predictably, Hamersley's fines price rose 15.96 per cent but the Japanese mills allowed a record premium of 8.12 cents over the fines price to emerge in the price of lump ore.

Twelve hours later the same day, Hamersley's European sales' team and the German mills failed to reach agreement on the amount of the lump premium. Talks were suspended between the two for a month.

Since the Hamersley meeting on January 24, there have been very few important settlements in the European market.

Significantly, no news has emerged of CVRD settling with other European consumers. In Japan, talks progressed more smoothly, however, with India, the third largest supplier to Japan, following the CVRD line and agreeing to a 15.96 per cent increase.

That was until last week. CVRD negotiators, in talks that started on February 19, demanded that a premium be paid in Japan for fines from its Carajas mine – the largest individual iron ore mine in the world – over those from Tubarao.

The Europeans pay a premium for Carajas material – this year CVRD got an increase of 16.78 per cent to 32.5 cents – but in Japan no such premium exists and the CVRD proposal was rejected by the Japanese.

And last Friday, in Europe, Hamersley's second round of talks with the German mills failed to produce a deal.

The stumbling block, as with so many of the other failed talks to have taken place this mating season, was the amount of the freight rate assumed in the reference price set by CVRD with the Germans.

The next meeting of consequence is between Canada's Quebec Cartier and the German mills on Monday. But neither side is in a hurry so nobody expects a settlement to emerge.

Bob Jones is assistant editor of Metal Bulletin

Turkish tea promoted to Soviet consumers

By Jim Bodgener in Ankara

SOVIET tea drinkers are being encouraged to imbibe more Turkish tea in an advertising campaign by Cay-Kur, Turkey's state tea corporation, launched in the Soviet media and television.

Sadly for the state producer, much of the 25,000 tonnes of Turkish tea which was exported across the Black Sea last year sits passed over on Soviet supermarket shelves, according to Soviet diplomatic sources in Ankara.

Advertising by other foreign tea suppliers made their products more attractive, claimed Cay-Kur's general director Mr Nejat Ural, yesterday, according to the semi-offical Anatolyan news agency.

The Soviet Union is Turkey's largest tea export market out of overseas sales totalling about 40,000 tonnes annually.

The Soviet imports, which were last year valued at $45m, came within an exchange programme, which has been in operation since 1984, which exchanges Soviet natural gas for Turkish goods and services. The agreement underpins the warming of Turko-Soviet trade and diplomatic relations.

Tea, however, has been excluded from the reciprocal programme this year.

The campaign includes a film showing the gathering and processing of the leaves and its preparation in Rize, the centre of the verdant, damp tea growing district on the mountainous Black Sea coast, and its serving in Cay houses in Istanbul.

The film also stresses that Turkish tea contains no alien chemicals and is not scented or coloured.

Ironically, Cay-Kur is still trying to find an environmentally acceptable dump for much of its 1986 crop, which was contaminated by fall out from disaster at the Chernobyl nuclear power station.

● Tenders were invited internationally yesterday by Turkey's state sugar corporation for the supply of 270,000 tonnes of sugar.

Domestic beet production has been hit by drought over the past two years, and annual consumption of about 1.5m tonnes has outstripped domestic production of around 1.3m tonnes.

The shortage has eliminated exports totalling around 300,000-500,000 tonnes annually in the past much to Iran. EC suppliers are expected to predominate in the tender competition.

NZ heifers imported for study of BSE

EMBRYOS from animals suffering from the "mad cow" disease, bovine spongiform encephalopathy, are to be implanted into heifers imported from New Zealand as part of the UK government's £12.3m research programme into the origins of the disease, writes Bridget Bloom.

About 200 heifers are to be imported in May from New Zealand, which is totally free of BSE. They will be impregnated in November, in a programme expected to last six or seven years.

The aim of the research is to discover if cows transmit BSE to their calves, although the Ministry of Agriculture also hopes it will give a clean bill of health to British embryos, exports of which are worth several million pounds a year.

UK scientists believe BSE is caused by animal feed contaminated with the remains of sheep suffering from scrapie, a now-banned practice. To date, 10,500 animals have succumbed to BSE, a disease of the nervous system apparently unique to Britain and which inevitably results in death.

EC will continue plan to boost apple prices

By Tim Dickson in Brussels

AN experimental scheme designed to stimulate apple prices and reduce the costs of European Community support is to be made more permanent.

The European Commission has adopted a regulation increasing the minimum size of apples which under EC rules can be sold on the market or taken into "intervention" under the Community's guaranteed withdrawal system.

Introduced on a temporary basis last June, an EC spokesman said yesterday that experience during the present season has been "positive" and had helped to limit the cost of the apple regime.

The measure, he added, is designed to tackle the oversupply of apples which led to 354,000 tonnes being taken into "intervention" in 1986/87 and 591,000 tonnes being taken off the market in 1987/88 (almost 10 per cent of EC production).

"If we increase the size of product that can be sold, less products will go into intervention and there will be less chance of price cuts being triggered under the stabiliser regime", the spokesman explained. At the same time producers will have less competition from smaller fruit.

He added that the decision was being announced at this stage to give farmers time to plan and change their pruning techniques if necessary.

● The Commission has also approved two small French subsidy schemes aimed at improving the "genetic quality" of Normandy sheep.

Polish farm development pledge

By Bridget Bloom, Agriculture Correspondent

BRITAIN is developing a three-pronged approach to aiding agriculture and food processing in Poland, Mr John Gummer, agriculture minister, said yesterday, after a three-day "fact-finding" mission.

Government-to-government aid so far amounts to £15m. The Polish government will use this as a loan fund with which the country's private farmers – accounting for 80 per cent of total land ownership – will buy British agricultural machinery and other inputs.

The government is also hoping to encourage British businessmen to invest in Poland, with the most likely form being joint food processing ventures. Senior executives of nine companies accompanied Mr Gummer.

In addition, the government is to play a coordinating role in persuading individual British farmers and organisations like the National Farmers' Union to sponsor a programme of visits to the UK by Polish farmers.

The farm programme would be in addition to the £50m "know-how" fund announced by the government last year, as well as to its contribution to the current European Community farm aid programme, the latest tranche of which involves a 50m Ecu package to supply plant protection chemicals.

Although the £15m farm aid was announced last November, it became clear yesterday that it could take many months to agree its terms with the Polish government. This is mainly because of what Mr Peter Cheshire, of Booker-Tate, who accompanied Mr Gummer, described as the limbo of the Polish economy as Warsaw tried to make the jump from a command to a market economy.

In particular the sort of interest rates currently being charged – officials quoted 20 per cent a month – would make any loan fund virtually impossible to operate

Mr Gummer described Poland's agriculture as "extremely archaic". Although 80 per cent of farms were privately owned, they were very small, and had all been tied to buying from and selling produce to state monopoly bodies. The tax system meant farms, already "tiny", got smaller rather than bigger.

Quite high standards of food processing, mainly for export, had been achieved, though state farms and factories were grossly overstaffed and plant, machinery and buildings in need of refurbishment.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER prices rose firmly on the LME yesterday, but the sterling rise was exaggerated by the pound's weakness against the dollar. At $2,434 a tonne, the dollar equivalent was up $21 but still below last week's highs. Easier sterling and concern over low LME stocks also helped a surge in lead prices, but three-month metal balked at £440 a tonne. The premium for cash metal over three-month widened to £94 a tonne from Wednesday's £78. Aluminium rallied with copper, with three-month prices breaching the $1,500 a tonne resistance level. Coffee prices lost some of their early gains near the close as hedge selling emerged. However, underlying concern over unrest in the Ivory Coast continued to support sentiment. Cocoa again closed ahead, but profit-taking took the steam out of an earlier rally.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.20-6.30z	-0.20
Brent Blend	$19.32-9.38z	-0.15
W.T.I. (1 pm est)	$21.20-1.25z	-0.45
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$220-222	-3
Gas Oil	168-169	-2
Heavy Fuel Oil	$90-92	
Naphtha	$181-182	-3
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$407.75	+0.25
Silver (per troy oz)♣	517.00c	+7.00
Platinum (per troy oz)	$507.25	-4.25
Palladium (per troy oz)	$129.75	-0.65
Aluminium (free market)	$1535	+60
Copper (US Producer)	115⅝-119	-5
Lead (US Producer)	44½c	
Nickel (free market)	370c	+20
Tin (Kuala Lumpur market)	16.83r	+0.18
Tin (New York)	294c	
Zinc (US Prime Western)	69c	
Cattle (live weight)†	111.25p	+.12*
Sheep (dead weight)†	210.41p	+5.3*
Pigs (live weight)†	95.71p	-.52*
London daily sugar (raw)	$348.5x	-1.7
London daily sugar (white)	$425.5x	-0.5
Tate and Lyle export price	£321.0	+0.5
Barley (English feed)	£111.0w	
Maize (US No. 3 yellow)	£126.5	
Wheat (US Dark Northern)	£127	
Rubber (Apr)♥	55.50p	+0.25
Rubber (May)♥	56.25p	+0.25
Rubber (KL RSS No 1 Mar)	230.5m	+0.5
Coconut oil (Philippines)§	$385t	
Palm Oil (Malaysian)§	$262.5w	+2.5
Copra (Philippines)§	$240	+2.5
Soyabeans (US)	$160	+2
Cotton "A" index	77.95c	-0.15
Woolltops (64s Super)	540p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	663	666	671 657
May	681	674	688 674
Jul	694	689	702 688
Sep	707	703	715 701
Dec	732	722	738 725
Mar	755	746	761 746
May	770	760	779 769

Turnover: 13450 (20128) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 28 831.66 (799.58) 10 day average for Mar 1 795.04 (787.88)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	629	615	[illegible]
May	650	637	658 643
Jul	661	647	663 653
Sep	669	660	675 669
Nov	[illegible]	670	685 675
Jan	694	681	698 693
Mar	715	705	718 710

Turnover: 6412 (12419) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 28: Comp. daily 72.27 (71.09). 15 day average 68.24 (67.53)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	[illegible]	319.80	320.60 315.20
Aug	314.80	319.00	319.00 314.80
Oct	307.40	311.00	310.80 307.20
Dec	307.60	307.20	303.00
White	**Close**	**Previous**	**High/Low**
May	419.5	423.5	422.0 418.7
Aug	416.0	419.0	418.0 416.0
Oct	388.0	390.5	388.0 386.0
Mar	361.5	366.0	363.0 361.5
May	361.5		361.5
Aug	361.5		363.0

Turnover: Raw 2018 (6893) lots of 50 tonnes. White 968 (1456)
Paris- White (FFr per tonne): May 2440, Aug 2430, Oct 2250, Dec 2200, Mar 2145, May 2145.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	19.40	19.57	19.68 19.33
May	19.39	19.50	19.08 19.29
IPE Index	19.44	19.56	

Turnover: 9765 (6535)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Mar	167.50	170.00	171.00 169.75
Apr	163.25	165.75	165.75 162.50
May	161.50	163.50	164.00 161.00
Jun	161.50	162.25	163.00 161.50
Jul	163.00	164.50	163.50 163.00
Aug	164.75	165.75	163.50

Turnover 7299 (3188)lots of 100 tonnes

FRUIT AND VEGETABLES
THERE is an abundance of top quality grapes this week, seeded white varieties at 70-85p a lb (80p-£1.00) and seeded black Cape grapes at 75p-£1.10 a lb (£1.00-1.25) are all excellent value. Other plentiful fruit include grapefruit at 18-25p each, lemons at 8-18p each and oranges at 10-15p each. Apples, strawberries and bananas are all best buys. Potatoes remain superb value with white at 10-18p a lb (10-18p) and red at 14-18p a lb (14-18p). Cabbage at 15-30p a lb (15-30p) and cauliflower at 52-75p (65-75p) are good buys. Celery at 35-65p (40-65p) and Chinese leaves at 60-90p a head (60-90p), are this weeks best salad buy.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 15,425 tonne
Cash	1530-2	1464-7	1886	1534-5		
3 months	1535-6	1463-4	1540/1505	1539-40	1535-6	21,124 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,175 tonne
Cash	1500-1	1466-7	1500/1484	1494-5		
3 months	1481-2	1441-6	1482/1464	1476-6.5	1481-2	12,004 lots

[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	[illegible]	408.5	410.4	407.8
Jun	414.7	414.5	416.0	413.3
Aug	419.7	419.6	420.0	419.7
Dec	430.3	430.3	[illegible]	429.0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5510	5658	5696	5440
May	5450	5561	5595	5380
Jun	5400	5479	5520	5350
Jul	[illegible]	5474	5515	5380
Aug	5450	5529	5580	5400
Sep	5580	5639	5675	5580

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	567/2	586/4	572/6	566/0
May	581/0	580/6	588/0	579/4
Jul	593/0	592/4	599/0	591/4
Aug	597/0	596/0	602/0	595/4

[illegible]

THE PROPERTY MARKET

Into the age of the cross-border deal

By Paul Cheeseright

The site is in Portugal, the seller is Swiss, the buyer is English, the funds come from Finland but were arranged in Luxembourg.

As deals go, this looks complicated. And it is in terms of meeting the requirements of a string of different national regulatory systems. But the basic structure is common to many deals: the buyer goes to a broker, who helps to arrange the finance and to establish the relationship between borrower and lender, and the whole is topped off with mortgage insurance. What sets it off is the diversity of the players and the fact that they were scattered around several financial markets.

Clearly it will become easier and quicker to mount such deals in the European Community as barriers to the movement of capital come down. If the moves to strengthen the EC's internal market are successful in promoting economic growth, there will be more deals. British chartered surveyors clearly think so; they are busy establishing themselves directly or through associates in continental Europe.

The accompanying chart shows the striking growth of foreign investment in the UK market in recent years. Much of the investment has come from Japan and been narrowly focused on the central London office market. But there has also been Swedish, Dutch, Danish, Middle East, and US money coming into the market.

The UK may have been exceptional to the extent that in the late 1980s it attracted more investment than other countries. But now the investment flows are becoming more diffuse as funds flow into property in the main financial centres of western Europe.

Recent moves by financial institutions have shown that there is some demand for property investment as a means of diversifying portfolios. This year, there have been two significant moves which break away from the traditional pattern of bilateral investment - that is an institution in one country buying a property in another.

First, Europolis Invest, supported by institutions from nine countries and led by Crédit National of France, will make its first purchases. Eventually it may have up to £700m, made up of equity and debt, to spend throughout the European property markets.

Second, Prudential Insurance of the US and seven other international institutions are providing nearly £1.2bn for property investment throughout the world. Prudential and Jones Lang Wootton, chartered surveyors, have established a management company to undertake the buying programme.

Arguably, then, there is a certain, if rather specialised, vogue for international property investment, caused as much on the institutional side by the weight of funds looking for a home as by the financial conviction that property is particularly lucrative.

Yet the flow of funds directly into international property is likely to remain limited. To the extent that institutions want diversification into property-backed assets, then there will be more scope for investment once property debt is packaged into securities. In the form of bonds, such securities would offer institutions the chance of making investments in relatively small parcels, without the risks of having to come to terms with foreign markets.

Bond yields, in any case, are frequently higher than the initial yields on office purchases, traditionally the favoured institutional route into a foreign property market. Bonds are a common instrument of institutional investment.

This technique can be applied equally to property development finance and property investment finance and could make much simpler the structuring of deals like that of the site purchase in Portugal.

In this case, a private British individual located a site of nearly 0.6 of an acre in Lisbon with outline planning permission for nearly 176,000 square feet of office, commercial and residential space. The site was owned by another private investor, this time a Swiss who held the property for tax reasons in the name of a company registered in the Netherlands Antilles.

Seeking $12m (£7.1m) to buy the site, the buyer approached Woolgate Property Finance, part of the de Morgan group, the quoted chartered surveyors.

Arranging loans in London for land purchases in Lisbon is not the easiest of tasks, unless the buyer is well known to the bank. Nor is borrowing money in Lisbon much easier. The Portuguese central bank exercises tight control over the lending of local banks, which anyway have not traditionally been active in the property sector.

Needing to widen its range of banking contacts, Woolgate went to Profi in Luxembourg. Profi is one of a new breed of companies, a European Economic Interest Grouping covered by European Community legislation designed to promote the cause of a single Community market. They can be set up as associates by businesses in different Community countries to work on, for example, joint development or marketing projects.

De Morgan had helped to set up Profi, which is managed by former Swedish bankers and designed to act as a channel for Swedish money coming into the EC property market.

Profi found that Skopbank of Finland, through its Luxembourg subsidiary, had previously lent money on property deals in Portugal and was prepared to do so again.

Skopbank satisfied itself that the site was worth what the British investor had said with a valuation carried out by American Appraisal, a Lisbon valuer.

Although the bank was evidently prepared to carry any exchange rate risk, it wanted protection for its exposure. Woolgate has a joint venture with Willis Faber, the insurance broker, to arrange commercial mortgage indemnity insurance. This ensures that, after payment of a premium, the lender insures the risk on its loan. Willis Faber placed the insurance with a secretive Scandinavian insurance group and then laid off that group's risk by re-insuring the loan with four other companies.

With these arrangements in place, and documentation scattered from one end of Europe to the other pulled into place, the agreement for the site purchase, by an Englishman from a Swiss, was signed in Zurich.

Arguably, the less prominent the city in European commercial life, the greater the trouble in arranging the finance. Athens, Dublin and Lisbon are more difficult to finance than Frankfurt, London and Paris. But this gap in the perceptions of financial institutions is likely to close. This process has been happening in the UK. Banks are much readier to lend on property north of Watford than they were three years ago.

Lisbon is being sucked into the overall European property market. And de Morgan itself has noted that yields in the office market have been coming down. Interest from outside has helped that process.

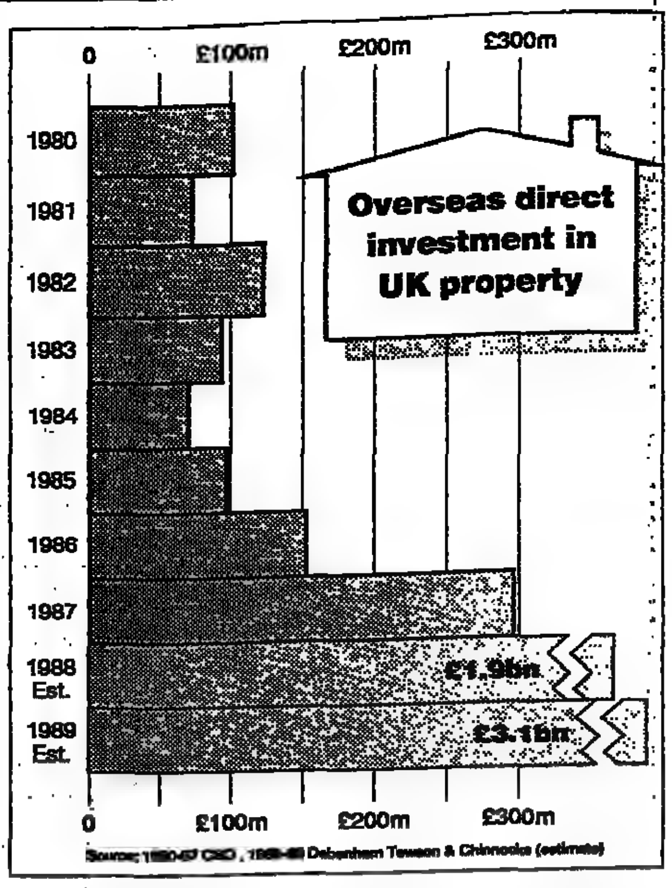
In a recent report on the Lisbon market, Healey & Baker, chartered surveyors observed that undersupply in the Lisbon central business district had forced rents up 25 per cent in the last six months. Foreign investment has been limited because of the restrictions on rents and indefinite lease contracts.

But Healey & Baker anticipated changes in the next few months as part of Portugal's moves to come to terms with the creation of a single EC market and observed that "both Portuguese and foreign developers have started office developments, which should relieve the market by early 1991."

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Property
Year to January 90	7.0	19.7	27.1	15.0
Quarter to January 90	-1.4	1.9	2.9	0.6
Month of January 90	-0.4	0.6	1.3	0.3

Source: Investment Property Databank



Source: 1980-87 CSO, 1988-89 Debenham Tewson & Chinnocks (estimate)

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COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
Reg. N. 01/00854/06
INTERIM REPORT

The unaudited results of the Group's operations for the six months ended 31 December 1989 are as follows-

INCOME STATEMENT (in R'000s)	6 Months ended 31.12.89	6 Months ended 31.12.88	Year ended 30.6.89
Turnover	4,277	1,310	5,812
Operating income	2 195	699	3 227
Dividends received	180	216	486
	2 375	915	3 713
Taxation	1 217	350	1 671
Net income attributable to shareholders	1 158	565	2 042
Earnings/share (cents)	57.6	28.1	101.6
Dividends/share (cents)	16.0	12.0	39.0
Dividend cover	3.6	2.3	2.6

COMMENT

In the period under review significant contributions to revenue were made from decentralised office developments. Sales of industrial stands in East Rand townships continued at a very satisfactory rate.

Pre-tax income for the six months ended 31 December 1989 increased by 160% against the comparable period in 1988, while net income attributable to shareholders improved from R565 000 in 1988 to R1 158 000 in 1989. As a result earnings per share have shown an increase from 28.1 cents for the first half of the 1988 financial year to 57.6 cents for the comparable period in 1989.

The excellent results recorded thus far justify an above average increase in the interim dividend but shareholders are cautioned against anticipating a similar increase when the final dividend is considered.

Provided that trading conditions do not deteriorate markedly for the remainder of the financial year, it is expected that profits for the full financial year will show an increase over those experienced in 1989.

DECLARATION OF INTERIM DIVIDEND

NOTICE IS HEREBY GIVEN that dividend No. 92 of 16 cents per share (1988 - 12 cents) for the six months ended 31 December 1989 has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 16 March 1990 and to persons presenting Coupon No. 192 detached from Share Warrants to Bearer.

Warrants in payment will be posted on or about 17 April 1990.

Non-resident shareholders' tax at the rate of 15% will be deducted where applicable.

The conditions applicable to this dividend can be inspected at the Johannesburg and London offices of the company.

ENCASHMENT OF COUPON NO. 192

The dividend on shares included in Share Warrants to Bearer will be payable on or after 19 April 1990 to persons presenting Coupon No. 192 at the London office or at the office of Credit du Nord, 6-8 Boulevard Haussmann, 75009, Paris. Coupons presented at the London office must be deposited four clear days before being paid and unless accompanied by Inland Revenue declarations, they will be subject to deduction of United Kingdom Income Tax.

London Office
36 Princes Gate Mews,
SW7 2PR

Transfer Secretaries
Barclays Registrars Ltd.
6 Greencoat Place, London SW1P 1PL.

By Order of the Board
J.W. Mackenzie
G. Fischer } Directors

2 March 1990.

LEGAL NOTICE

No. 789 o/s of 1989

In the HIGH COURT OF JUSTICE, Chancery Division, Manchester District Registry. In the Matter of JAMES CROSBY GROUP PLC. And in the Matter of the Companies Act 1985 NOTICE is hereby given that the Order of the High Court Justice (Chancery Division, Manchester District Registry) dated 29th January 1990 confirming the reduction of the capital of the above named Company by the cancellation of the sum of £2,806,870.88 standing to the credit of the share premium account of the Company was registered by the Registrar of Companies on 10th February 1990.

DATED the 28th day of February 1990

Slater Heelis,
71 Princess Street,
Manchester
M2 4HL

Solicitors for the above named Company

PERSONAL

Hauser - Maurice on the 1st of March at home, irreplaceable and devoted husband of Barbara. Will be greatly missed by all family and many good friends including his colleagues form Allied Dunbar plc. The funeral will be held at 1.30 p.m. on Tuesday 6th March at the Downs Crematorium, Bear Road, Brighton. Flower or donations to the Northbourne Trust, c/o Attree and Kent, Church Road, Hove, Sussex.

On the instructions of Greycoat PLC

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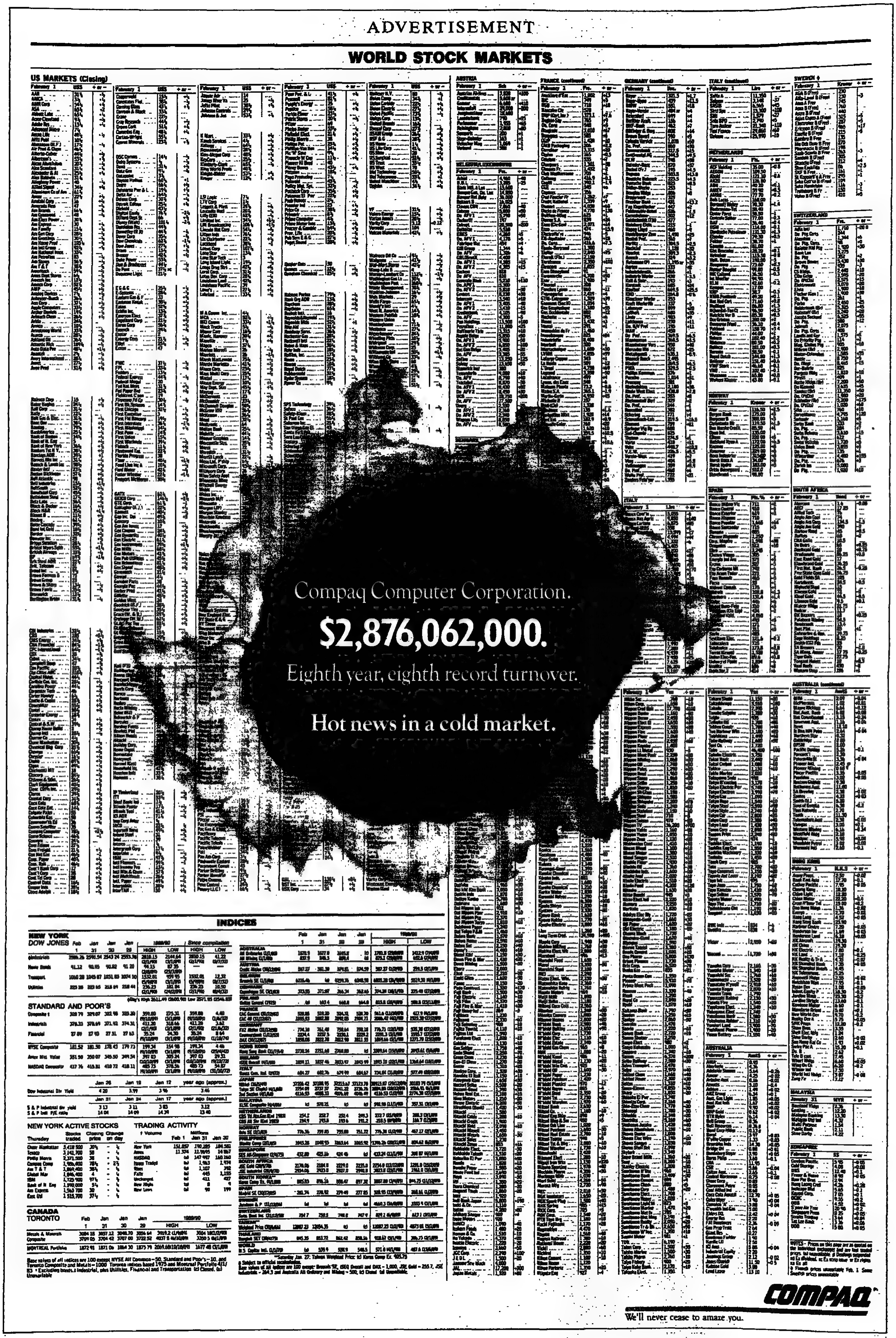
Contact: Michael Baker

Hillier Parker
01-629 7666
77 Grosvenor Street London W1A 2BT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LONDON STOCK EXCHANGE

Bonds setback and Tokyo hit shares

FURTHER LOSSES in British Government bonds and the renewed setback in Tokyo equities overnight took the heart out of London's equity sector yesterday. Share prices turned down in desultory trading, and an attempted rally was abandoned when Wall Street made an uncertain start to the new session.

Despite the day's fall of 17 to 2,238.4 in the FT-SE Index, there was little selling pressure; indeed, there was little pressure of any kind, and market traders found plenty of time to turn their attention - and their trading screens - to the England-West Indies Test Match.

Account Dealing Dates		
*First Dealings:		
Feb 12	Feb 26	Mar 12
Option Declarations:		
Feb 22	Mar 8	Mar 22
Last Dealings:		
Feb 23	Mar 9	Mar 23
Account Day:		
Mar 5	Mar 19	Apr 2

*New time dealings may take place from 8.00 am two business days earlier

Another session of falling UK bond prices, together with a slight rise in longer term money rates in London, caused stock market analysts to take a second, and less optimistic view of the £1.9bn UK January trade deficit announced on Wednesday, and therefore of near term prospects for domestic interest rates and inflation.

Equities opened lower as London traders viewed with some anxiety the sharp overnight fall in the Nikkei Index. There is still concern over the near term outlook for the Japanese equity market because of reports that at least one US trading house could be a forced seller of Tokyo stocks if it cannot close out a heavy position in the Nikkei futures contract before March 8 when the contract expires.

Also stimulating nervousness was the uncertain trend on Wall Street, fuelled yesterday by comments from Mr Alan Greenspan, head of the Federal Reserve Board, that the US markets may not yet have absorbed the full effects of the Drexel Burnham Lambert failure. London also reacted cautiously to the news that the US Purchasing Managers' index of economic activity had risen to 48.3 per cent in February from 45.2 per cent in the previous month, reducing the chances of an easing in Federal Reserve credit policies.

However, these factors combined to create caution rather than gloom in a London market which still remains inside its latest trading range. The corporate reporting season continues to roll on, with Barclays completing the banking list with satisfactory news on underlying profits and disclosing proposals to buy in 40m shares. Lower profits from Royal Insurance were no surprise in an sector now focusing on the implications for premiums of the repeated bouts of storm damage suffered in the UK.

The London stock market is now beginning to settle itself into position ahead of the UK Budget, to be revealed on March 20 by Mr John Major, the UK Chancellor of the Exchequer. The prospects for a further advance in equities ahead of Budget Day appears less convincing against the background of sliding prices in the Government bond market.

Market pressure on Thorn

THE Thorn EMI share price remained under pressure yesterday with the market convinced that the group was involved in negotiations to acquire Geffen, the US record company. There were strong suspicions that two investment banks, one US and one UK, were attempting to place some 30m Thorn EMI shares with US institutions to fund the acquisition. Thorn EMI would not comment on what it described as market rumours.

Late on Wednesday the London market was alive with speculation that Thorn was about to launch a rights issue of convertible preference stock to fund the acquisition of Geffen, with specialists putting a price tag of around $700m on the US company.

Analysts said that Thorn had been trying to expand its US record business for some time and that Geffen, with around 8 per cent of the US market, would be an ideal fit, doubling Thorn EMI's presence in that market. Thorn already owns the Capitol and EMI record labels. One specialist also pointed out that music businesses in the US "fetch exotic prices." Thorn EMI shares, down 12 on Wednesday, fell another 17 to 680p yesterday. Turnover was 1.1m shares.

Another US record company, GRP Records, with annual sales of $20m, was sold yesterday to MCA, the US entertainments group, for $40m.

Saatchi alert

Shares in Saatchi and Saatchi recovered some of the ground lost last week as the company's senior executives met in London yesterday. Dealers said they expected the company to make a positive announcement in the wake of the meeting, which finished after the London market had closed.

Sentiment was also helped by a report in the UK trade press which reiterated that the biggest of Saatchi's management consultancies, Hay, was on the verge of announcing a management buy-out, and also that the company might be prepared to sell some of its advertising interests, such as Backer Spielvogel Bates, said to be worth about £300m.

Trade in Saatchi was dominated by US buying and UK selling. Turnover in London reached 2.2m shares, while that figure had been passed by mid-session in New York. The shares rose 9 to 150p.

The best performance from the handful of Footsie stocks in plus territory came from Barclays Bank, which advanced 11 to 580p on high turnover of 6.3m in the wake of what were described by analysts as "excellent" figures.

Barclays' pre-tax profits came out at £692m, compared with last time's £1.39bn, after the bank made a further provision of £983m for third world debt, thereby raising the overall provision to 70 per cent, equal to those of Lloyds and NatWest.

Dealers and analysts highlighted the underlying profits performance of the bank, and said the market was pleased with news of the 19 per cent increase in the dividend and proposed two-for-five scrip issue.

Mr Mike Fesemeyer, banks analyst at Daiwa Securities, the Japanese securities house, said the most impressive feature of the results was the 28 per cent increase in the final dividend. Barclays could, he said, could afford to maintain that rate of increase for at least two or three years.

Barclays apart, the banks drifted with the market. Abbey National, which revealed better than expected maiden results on Wednesday, dipped 3 to 186p; a delegation of Abbey National management flies out to Tokyo today to give a series of presentations to Japanese institutions, under the auspices of Daiwa Securities.

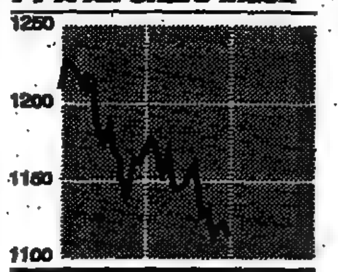
The composite insurance area suffered from another poor set of results, this time from Royal Insurance, which unveiled preliminary pre-tax profits of £126m, down 44 per cent from last year's £223m and towards the lower end of market forecasts. The dividend increase, 13 per cent, was in line with forecasts.

The group suffered badly from losses in the US, mainly resulting from Hurricane Hugo and the San Francisco earthquake and was also hurt by the Australian earthquake. In the UK Royals was hit by subsidence claims and a £26m loss from its estate agency business. At the close Royals were 12 lower at 483p, after 478p, on turnover of 2.3m.

General Accident, whose preliminary figures on Wednesday were given a poor reception in the press, dropped 28 more to 1037p.

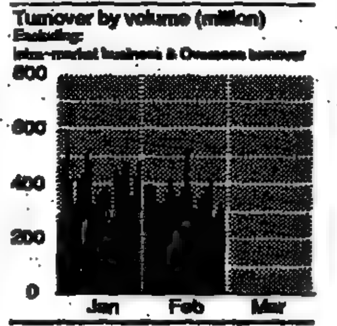
Legal & General fell 5 to 371p despite some aggressive buying from County NatWest; the securities house said the stock had been oversold.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Norfolk House were a shade off at 195p after news that the £11.25m rights issue had been taken up as to 98.2 per cent.

Reuter held up well against the market, closing only marginally easier at 1045p ahead of a presentation to institutions today hosted by Henderson Crosthwaite, the stockbroker.

MEPC weakened 5 to 481p on 1.2m and Land Securities softened 2 to 470p on 753,000, as dealers noted a modest pick-up in interest in the main property stocks. Greycoat was off 8 at 389p. A line of stock was said to have been on offer. Frogmore eased 17 to 414p as dealers reckoned a bid less likely after Markheath announced an offer for Camford. Markheath has a 24 per cent stake in Frogmore.

Shares of Stanley Miller, the Newcastle-upon-Tyne building group, almost halved at one point, plunging from an overnight level of 89p to touch 45p, before rallying on to close a net 16 off at 73p. On Wednesday they dropped 18p.

The steep decline was arrested by a statement from the company saying that apart from the January 16 announcement regarding expected results for the year ended 31.12.89, and the February 12 announcement that 29.9 per cent shareholder NEIT, intends disposing of the shares, it was not aware of any reason for the movements in the share price, other than general market conditions.

Fine Arts Developments slid 27 to 230p after analysts at Smith New Court cut their profit forecasts for the company. Smith singled out difficulties in the mail order division, UK greeting cards sales since Christmas, and a delay in the sale of an Australian division. The broker cut forecasts for the current year from £27½m to £23m and for next year from £32½m to £28m. Ms Fiona Short at Smith said that the long term outlook "was still intact."

Clothing supplier Lanca jumped 6p to 36p as Statyear bought 1.61m shares from Taskhead at 40p apiece. Mr Andrew Greystoke, who runs Statyear, became the new chairman of Lanca.

Hillsdown lost 4½ to 260½p with the bulk of the day's 1.7m business accounted for by trade between marketmakers, though there was scattered talk of institutional interest at the lower levels. Unigate remained a weak market from the moment dealing commenced, though dealers said no special factors had prompted the decline. Unigate finished 5 off at 268p on 1m.

Unilever fell 6 to 622p on a modest 1m. Mr Tim Potter of Smith New Court said that in spite of the better-than-expected full year results earlier in the week Unilever could fall further. "We don't see any reason for buyers to take a short-term risk with Unilever. But longer-term it has fundamental strength," he said. The market was likely to weaken to around 600p before consolidating, he said.

Dealers and analysts came to the conclusion that the weakness in FKB, the advertising agency, was a result of an attempt on the part of a leading agency broker to place up to 400,000 of the company's shares. They said that perhaps only half had found a home. FKB lost 15 to 120p, making a two-day decline of 29.

WPP advanced strongly, ahead of final figures on March 8. Analysts at S.G. Warburg were optimistic about the results, saying that margins at both US advertising agencies JWT and Ogilvy & Mather should reach 10 per cent. JWT was already at that figure at the interim stage but Ogilvy had only reached 7.9 per cent at the time of its acquisition by WPP in May 1989, said Warburg. WPP touched 647p before light profit-taking pulled the shares back to 642p, still 13 up on the day.

The confirmation by Maxwell Communications that it had completed the disposal of its last remaining large printing business — Maxwell Graphics of the USA for $510m (£305m) — encouraged the shares. Helped by renewed US buying, the recovered from an early decline with the rest of the market to close 2 higher on the day at 199p.

The normally quiet hotels sector had a difficult session with no stock showing an improvement on the day. Dealers said that the recent offers by Bass and Allied Lyons to sell the Crest and Embassy hotel chains respectively might depress the value of hotels generally. Bass eased 10 to 963p and Allied fell 9 to 444p. Elsewhere, Mount Charlotte dropped 3¼ to 62¾p, Queen's Moat Houses shed 1¼ to 95p and Buckingham closed 2 off at 86p.

Dealers said that several lines of Trusthouse Forte stock went on offer yesterday, and the shares slid 10 to 269p on turnover of 2.6m. THF was also easily the most active instrument on the traded options market. Contracts for the equivalent of more than 3.6m shares were traded, more than three times the next most active contract. The options business was mainly selling of calls.

A buy note from Mr Stephen Brazier of Credit Lyonnais Securities and news of an acquisition boosted Peek Holdings 3 to 64p.

Sketchley, the subject of a £126m bid from Godfrey Davis, slipped 6 to 349p as the company forecast poor profits for the year to March 1990. The company said in its defence document that it would make around £8m, well below the £17.3m made the previous year.

After the market close, however, Godfrey Davis announced that was withdrawing its offer because "a material adverse change has occured in the financial trading position and prospects of the Sketchley Group." Godfrey Davis shares closed a penny off at 138p.

A stock shortage and an impending dividend payout kept ICI steady, the shares adding 2 to 1061p. Brent Chemicals firmed 14 to 141p on the news that it had sold Reddish Savilles, a detergent and brewing manufacturer, for around £24m to Laporte. Brent also forecast that earnings per share for the year to December would be "not less than 12.8p." Laporte closed unchanged at 493p.

MTM gained 6 to 215p as the company reported a 41 per cent rise in profits to £9.3m, a day before Chemoxy, its bid target, releases a defence document. Chemoxy rose 2 to 402p.

Shares in Camford Engineering, the motor components manufacturer, advanced strongly as the company rejected a £63.8m hostile bid launched earlier in the day by Markheath, the UK vehicle of Mr John Spalvins, the Australian businessman.

On the news, Camford shares gained 84 to close at 308p, just above the 305p offer price but on a widely-spread share quotation. Turnover was said to have been thin. Markheath already has a 29.1 per cent stake in Camford and marketmakers expect the bid to succeed.

ASW Holdings, which reported a 31 per cent increase in profits to £40.4m, followed the market and closed unchanged at 258p having been higher earlier in the session. County NatWest is still advising investors to switch out of ASW into British Steel, unchanged at 136p, on the basis of the relative yields but BZW was more positive and upgraded 1990 profit expectations from £41m to £43m and saying earnings from ASW's cash pile should offset the downturn in demand this year.

T Cowie gave up another 5 to 49p on speculation that next Wednesday's results are likely to show a fall in profits particularly in the fourth quarter.

Profit-takers pulled Rolls-Royce back from the previous day's gains and the shares closed 4 down at 169p.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues Page 25

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (5).
AMERICANS (2) ELECTRICALS (1) ENGINEERING (1) INDUSTRIALS (1) Eurocopy.
NEW LOWS (178).
BRITISH FUNDS (78) INT.BANK & O'SEAS GOVT. STLG. ISSUES (9) COMMONWEALTH & AFRICAN LOANS (1) FOREIGN BONDS (3) AMERICANS (3) CANADIANS (2) BANKS (2) BREWERS (2) BUILDINGS (6) CHEMICALS (1) STORES (5) ELECTRICALS (2) ENGINEERING (4) FOODS (4) INDUSTRIALS (31) Aaronson Bros., BET, CH Inds., Charter Cons., Chestergate, Cookson, Davis (Godfrey), Elsco, Harding, Hartons Tpo Prod., IWP Intl., J.S. Pathology, Johnston Group, Lynx Hldgs., MY Hldgs., Marling Inds., Ropner "A", Sketchley, Tamesis 8½pc Cm. Pref., Unigroup, Warner Howard, LEISURE (4) MOTORS (1) NEWSPAPERS (2) PAPERS (3) PROPERTY (12) SHOES (1) TEXTILES (2) TOBACCOS (1) TRANSPORT (3) TRUSTS (8) OILS (3) MINES (3) THIRD MARKET (7).

FINANCIAL TIMES STOCK INDICES

[illegible]

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

APPOINTMENTS

Johnson Matthey top posts

JOHNSON MATTHEY has appointed as executive directors Mr Christopher Clark, catalytic systems division director, and Mr Brian Cooper, operations director. Joining the board as non-executive directors are Mr Geoffrey Wilson, chairman of Delta Group, and Mr Michael Miles, an executive director of John Swire & Sons.

■ Mr Graham Harrington has been appointed managing director of UCL, Mr David White becomes deputy managing director, and Mr Clive Arlidge sales director. UCL is part of FERRARI HOLDINGS.

■ NATIONWIDE ANGLIA BUILDING SOCIETY has appointed Mr John Hutchinson as retail operations director, including Nationwide Anglia Trust. He was general manager, support and development, UK retail banking, at Lloyds Bank.

■ Mr Michael Stoddard, Mr Jean-Pierre Landre and Mr Jean-Jacques Murray have been appointed additional directors of NU-SWIFT. Mr Pascal Maury and Mr Jean-Christophe Pillois have resigned from the board of Nu-Swift following disposal of the SICLI shareholding.

■ T&N has appointed Mr Bob Bates as managing director of TBA Industrial Products, Rochdale. He was managing director of Armstrong Patents Co. Dr Ian Fisher, technical director of The Tempered Spring Co, Sheffield, has been appointed sales and marketing director.

■ Mr Peter Jackson has been appointed design director, HESTAIR MACLAREN. He was technical director at ABRU.

■ Mr Richard Noton has been appointed to the board of RICHARDS, LONGSTAFF (INSURANCE HOLDINGS).

■ REA BROTHERS (INVESTMENT MANAGEMENT), a subsidiary of Rea Brothers Group, has appointed Mr Peter Cook as an assistant director. He was with PK English Trust.

■ BRADSTOCK BLUNT & CRAWLEY has appointed Mr David M.K. Paterson as an associate director, aviation division.

■ CHARTERHOUSE BANK has appointed Mr Mark Sebba as a director in its international corporate finance division. He joins from the London office of Wertheim Schroder, a New York investment bank, where he was managing director.

GOAL PETROLEUM has appointed Mr Roger Bexon (above) as a director with a view to his becoming non-executive chairman at the annual meeting in May. He will succeed Mr Christian O'Brien who is retiring. Mr Bexon was deputy chairman of BP, and chairman of Laporte, and is a non-executive director of BICC, Lazard Brothers and Co, and Astec (BSR).

■ Mr Robin MacKichan has been appointed managing director and deputy publisher of 'THE EUROPEAN' a new Maxwell weekly which starts publication on May 11. He is managing director of the 'International Herald Tribune,' London.

■ ALLIED PROVINCIAL CORPORATE SERVICES, a division of Allied Provincial Securities, has appointed Mr Roger Charlesworth, Mr Terry Hitchcock, and Mr Philip Vohmann as directors, and Mr John Keyes as a senior consultant. All were directors of Square Mile Gate.

■ THE BRITISH SOFT DRINKS ASSOCIATION has appointed Mr Colin Middlemiss as its director. He was director of European affairs at the Building Employers Confederation.

■ MULTI CONSTRUCTION, Stockport, has appointed Mr David Coleman, chief quantity surveyor, to the board. Mr Patrick Clutton joins the main board of the Multi (UK) Group with responsibility for residential development.

LEEDS PERMANENT BUILDING SOCIETY is to appoint Mr Roger Boyes (above) as finance director. He is finance director of Fenner.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1	249	–1	44c	1.4	8.0	8.9
191	134	Abbey National 10p	186	–3	8.5	q3.2	6.3	6.6
*282	120½	Allied Irish Ord.	247	–1	[illegible]	3.3	3.3	12.7
£13¼	£11¼	Algemene Fl.10	£11¾	.....	Q28%	2.0	7.5	6.7
*85	61	Anglo Irish	77	–1	Q18.7%	2.7	5.7	10.5
81	57	Ansbacher (H.) 1p	78	.....	2.5	♦	4.4	♦
£72¼	£38½	Bancaire Cie Fr100	£52¼	.....	[illegible]	–	2.5	–
£46¼	£35¾	Banco Bilbao Viz.	£38	.....	Q35.7%	2.0	3.6	13.9
£33	£25¼	Banco de Santander	£25¾	.....	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	261	.....	[illegible]	3.2	4.5	8.9
£19½	£17¼	Bank Leumi	£19½	.....	–	–	–	–
350	345	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	88	Bank Scotland	113	–1	†3.8	3.6	4.5	8.2
111¼	95	Do. 9¼pc Irrd Pf.	95½	–1	9¼%	–	12.9	–
*67	49	Bank of Wales	52	.....	2.8	1.6	7.2	10.9
*588	404	Barclays £1	580	+11	27.4	q3.6	6.5	5.6
37	19	Benchmark 20p	19	.....	1.63	2.0	11.4	10.9
363	285	Brown Shipley £1	313	.....	†10.5	–	4.5	–
455	325	Cater Allen £1	413	.....	23.5	–	7.6	–
259	157	Chancery	161	–1	†8.0	2.8	6.6	7.1
£23¼	£14½	Commerzbk DM10	£20¼	[illegible]	Q18%	–	3.3	–
*£29	£22½	C'hgn.Hbk.Kr100	£23	[illegible]	Q15%	–	6.1	–
£16¾	£10	Dai Ichi KBk Y50	£10¼	[illegible]	†Q16%	8.8	0.3	38.4
*£31¼	£15¼	Deutsche Bk DM50	£26¾	.....	Q24%	–	1.6	–
£22½	£17¾	Espirito Santo	£19¼	+¼	Q75c	3.3	2.3	13.4
260	182	First Nat. Fin. 10p	215	.....	13.0	2.4	8.1	6.4
134	90	FNFC 6.3pc Cv. Pf.	110	+4	6.3%	–	7.6	–
£16¾	£12¾	Fuji Bank Y50	£13	.....	Q15.6%	4.2	0.2	–
325	230	Gerrard & National	274	.....	18.5	–	9.0	–
154	118	Guinness Mahon 10p	150	.....	¢2.1	–	1.9	–
328	197	Hambros 20p	315	.....	†10.0	–	4.2	–
128	90	Do. 7.5pc Cv Pf.	128	.....	7½%	–	8.0	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

For Water Package Units see Recent Issues

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

[illegible]

THIRD MARKET

1989/90 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
*73	51	Rentaminster 5p ... y	51	......	‡1.85	2.8	4.8	10.0
21½	11	Scott Pickford 10p ... y	12	......	‡0.38	3.8	4.2	8.1
160	95	Seacon Hldgs ... y	197	......	3.15	♦	3.1	♦
51	29	Sempernova ... y	31	......	–	–	–	6.8
39	20	Sleepy Kids 5p ... y	38	+1	–	–	–	–
*3¼	1¼	Swayard Studios 1p y	2½	−¼	–	–	–	10.8
50	28	Tavern Leis. 20p ... y	31	......	♦	–	–	–
115	28	Tomorrows Leisure 20p y	77	+3	–	–	–	29.3
113	35	UPL Group 10p ... y	50	−3	‡2.75	1.9	♦	9.4
150	128	Unit Group ... y	144	......	5.0	3.3	4.6	8.2
100	66	Video Magic Leis. 1p y	64	......	W2.0	0.7	3.2	67.3
14	4	Vista Ents 5p ... y	4½	......	–	–	–	–
40	15	Vizcaya Hldgs 5p ... y	18	......	–	–	–	–
46½	23	Whitegate Leisure 20p y	38	+½	0.25	1.7	0.9	–
32½	10	Do. Wrrnts ... y	24	......	–	–	–	–
10½	4½	Wilton Group 1p ... y	4½	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ## Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... y	83	−2
Craig & Rose £1 ... y	820	......
Finlay Pkg. 5p ... y	58	......
Holt (Jos) 25p ... y	1345	−3
Arnotts	440	......
Carrol (P.J.) ... y	160	+2
Hall (R. & H.)	185	......
Helton Hldgs ... y	92	+1
IRG	218	......
United Drug	165	......

IRISH

Cap. 8½% Ln. 1991	£96¼	......
9pc Cap Ln. 1996	£99⅞	−⅛
Fin. 13% 97/02	£107½	−⅛

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Aster (BSR)	5¼
BAT	67
BOC Grp.	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	68
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd.	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen.	31
Lex Service	26
Lloyds Bank	21
Lucas Inds	54
Marks & Spencer	16
Midland Bk.	26
Morgan Grenfell	38
Nat West Bk.	23
P & O Dfd.	61
Polly Peck	30
Racal Elect.	20
RHM	39
Rank Org Ord.	72
Reed Intnl.	34
STC	25
Sears	9
SmKl. Beecham A.	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs.	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm.	9
Premier	10½
Shell	37
Tuskar Res.	12
Ultramar	20½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

Init Chge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's

Abbey Unit Tst Mngrs (1000)H

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trust's daily dealing price is normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▽ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ◆ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 8545

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps	5	48.62	49.56xd	52.86	+0.26	1.01
(Accum Units)	5	50.83	51.01xd	54.40	+0.89	1.01
European Opps	5	72.82	73.06	77.92	+0.37	0.00
(Accum Units)	5	73.22	73.46	78.34	+0.37	0.00
Far Eastern Opps	5	134.66	134.66	143.62	+0.33	0.00
(Accum Units)	5	135.52	135.52	144.54	+0.33	0.00
Golden Opps	5	44.15	44.38	47.33	+0.35	0.00
(Accum Units)	5	45.41	45.65	48.69	+0.37	0.00
Intl Hi-Yield	5	57.94	57.94	61.79	+0.25	4.45
(Accum Units)	5	62.90	62.90	67.08	+0.28	4.45
Sanyo Japan Tst	5	67.97	67.97	72.49	+0.18	0.00
(Accum Units)	5	67.97	67.97	72.49	+0.18	0.00
Kangaroo	5	31.30	31.30	33.38	-0.11	1.55
(Accum Units)	5	31.48	31.48	33.57	-0.11	1.55
Oriental Income	5	33.77	33.82	36.06	+0.05	5.19
(Accum Units)	5	37.85	37.91	40.42	+0.06	5.29
Pacific Technology	5	59.39	59.39	63.34	+0.50	0.00
(Accum Units)	5	59.87	59.87	63.85	+0.50	0.00
Tiger	5	148.50	148.50	158.39	+0.41	0.70
(Accum Units)	5	150.82	150.82	160.86	+0.42	0.70
UK Hi-Yield	5	42.94	42.94	45.79	-0.16	5.00
(Accum Units)	5	49.09	49.09	52.36	-0.18	5.00
UK Opps	5	54.71	57.07xd	61.03	+0.03	1.51
(Accum Units)	5	59.53	62.10xd	66.40	+0.03	1.51

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Portfolio	6	90.83	92.28	98.17	-0.43	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250
4 Hourly Pricing – 12 Noon Historic

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TR American Grth	5¼	44.65	44.65xd	47.62	+0.71	0
TR Eur Sp Sits Acc	5¼	40.33	40.33	42.99	+0.02	0
TR Eur Sp Sits Inc	5¼	39.55	39.55	42.06	+0.05	0
TR General Growth	5¼	72.46	72.46	77.08	-0.71	2.85
TR Global Tech	5¼	69.96	69.96	74.62	-0.89	0
TR Income Growth	5¼	84.74	84.74	90.14	-0.64	4.56
TR Income Monthly	5¼	53.51	53.51	56.92	-0.26	7.07
TR Japan Growth	5¼	89.53	89.53	94.99	-0.45	0
TR German Growth	5¼	65.44	65.44	69.77	+0.86	0
TR Smaller Cos	5¼	79.53	79.53	84.60	-0.12	3.06
TR Special Ops	5¼	90.31	90.31xd	96.07	-0.94	2.91
TR Mgd Ex Plan Acc	5¼	33.31	33.31	35.43	-0.25	2.34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Exempt	142.6	144.2	-1.1	3.56

Stewart Ivory & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Saints PPP Feb 14	258.6	272.3	...	–

Closed to new business

Thornton Unit Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Exempt Mar 1	99.88	106.14	-1.67	3.90
(Accum Units)	100.49	106.79	-1.68	3.90

Touche Remnant Unit Tst Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
TR Exempt European	1066	1080	-8	147
TR Exempt Nth Amer	938	952	+67	343
TR Exempt Pac Basin	944	956	-17	0

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Sg Feb 9	–	173.9	...	–

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Ser. 1	301.0	316.9	...	–
Equity Ser. 1	128.7	135.5	-1.0	–
Prop. Acc. Ser 2	464.0	488.5	...	–
Equity Ser 2	149.3	157.2	-1.2	–
Selective Acc	341.4	359.4	-1.9	–
Prop. Ser. 4	362.7	381.8	...	–
Equity Ser. 4	152.1	160.2	-0.9	–
Man. Ser. 4	435.9	458.9	-1.8	–
Fixed Int. Ser. 4	212.0	223.2	-3.2	–
Indexed Inv. Ser. 4	140.5	148.0	-0.7	–
American Ser. 4	310.7	327.1	+5.0	–
Japan Ser 4	309.2	325.5	-1.6	–
European Ser 4	119.4	125.7	-1.1	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 01-534 5544

Clerical Medical Investments Group
Narrow Plain, Bristol BS2 0JH 0272-290566

Equity & Law—Contd.

For FS Assce Ltd see Britannia Life Ltd

Guardian Royal Exchange—Contd.

Laurentian Life plc—Contd.

Legal & General (Unit Assur) Ltd

Merchant Investors Assurance Co Ltd—Contd.

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	102.7	108.2	-0.3	-
Managed Growth	137.8	145.1	+1.0	-
Managed Opportunity	141.6	149.1	+1.3	-
NFMC Target Financial	100.7	106.0	-1.1	-
Pension Funds				
Managed Cautionary	107.7	113.4	-0.2	-
Managed Growth	141.8	149.3	+0.9	-
Managed Opportunity	143.3	150.9	+1.3	-
NFMC Target Mngd Pen	1487.9	1566.3	.....	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	221.5	233.2	.....	-
Managed Prospect Fund	186.0	195.8	.....	-
Pens Managed	281.4	296.3	.....	-
Pens UK Equity	333.6	351.2	.....	-
Pens Overseas Equity	375.8	395.6	.....	-
Pens Property	163.1	171.7	.....	-
Pens Fixed Interest	174.2	183.4	.....	-
Pens Index Linked	145.8	153.5	.....	-
Pens Deposit	190.2	200.3	.....	-
Harvester & P.R.P.				
UK Equity	145.8	153.5	.....	-
Overseas Equity	134.5	141.6	.....	-
Fixed Interest	119.0	125.3	.....	-
Property	135.6	142.8	.....	-
Index Linked	132.4	139.4	.....	-
Deposit	131.9	138.9	.....	-
Managed	141.8	149.3	.....	-
With Profits	135.3	142.5	.....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	335.6	353.3	-1.3	-
UK Equity	427.3	449.8	-3.5	-
Overseas Eq	347.0	365.3	+2.4	-
Americas	257.5	271.1	+2.8	-
Far East	387.6	408.0	.....	-
Property	220.2	231.8	-0.1	-
Fixed Int	213.6	224.9	-3.3	-
Indexed Gilt	137.0	144.3	-0.8	-
Deposit	160.0	168.5	.....	-
Pension Fund (Accum Units)				
Managed	452.4	476.3	-1.9	-
UK Equity	529.8	557.7	-4.4	-
Overseas Eq	560.4	589.9	+1.4	-

Providence Capital Life Asc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Property Initial		167.7	.....	-
Money Initial		78.8	.....	-
Special Market Initial		134.7	.....	-
Japan Equity Initial		102.5	.....	-
North American Initial		77.9	.....	-
Pacific Initial		77.1	.....	-
Technology Initial		105.3	.....	-
Nat Resources Initial		56.4	.....	-
European Initial		98.2	.....	-
Residential Prop Init		103.5	.....	-
Swiss Equities Initial		35.3	.....	-
Hong Kong Initial		45.5	.....	-
UK High Inc Eq Init		67.8	.....	-
Int Fixed Interest Init		48.6	.....	-
Int Managed Init		54.3	.....	-
HIP Managed Init		112.6	.....	-
Broker Funds				
High Performance	73.4	77.4	.....	-
Towerhill Mngd Fd Acc	51.0	53.7	.....	-
YRA Executive Fd	90.5	95.2	.....	-
£ Global Growth Acc	130.5	137.6	.....	-
£ High Income Mony Acc	111.4	117.7	.....	-
IM Balanced		53.8	.....	-
H.F. Speculator Fd		150.9	.....	-
PEP Acorn II		122.0	.....	-
PEP Cautionary		89.6	.....	-
AAFS Int Man Fund		118.6	.....	-
Andrews-Green Inv Port		102.1	.....	-
Individual Pension Funds				
UK Equity Acc	217.7	229.7	.....	-
UK Fixed Interest Acc	176.4	186.1	.....	-
Intl Equities Acc	233.2	246.0	.....	-
UK Managed Acc	178.1	187.8	.....	-
Property Acc	210.7	222.3	.....	-
Money Acc	135.8	143.3	.....	-
Special Market Acc	270.5	285.4	.....	-
Japan Equity Acc	208.1	219.6	.....	-
North American Acc	120.6	127.3	.....	-
Pacific Acc	187.8	198.2	.....	-
Technology Acc	178.3	188.1	.....	-
Natural Resources Acc	110.7	116.8	.....	-
European Acc	128.9	136.0	.....	-
Residential Prop Acc	113.5	119.8	.....	-
Swiss Equities Acc	36.4	38.5	.....	-
Hong Kong Acc	47.3	49.9	.....	-
UK High Inc Equ Acc	74.9	79.1	.....	-
Int Fixed Interest Acc	51.5	54.4	.....	-
Int Managed Acc	57.2	60.3	.....	-
Group Pension Funds				
[illegible]	[illegible]	[illegible]		

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

DUBLIN (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains as others fall

THE DOLLAR benefitted from strong US economic data yesterday and nervousness surrounding several of the other main trading currencies on the foreign exchanges.

The D-Mark, Japanese yen and sterling lack appeal at present and investors are turning back towards the dollar as speculation about lower US interest rates has faded.

Figures on US construction spending, personal income and consumption, as well as the latest National Association of Purchasing Managers survey, provided no disappointments and were generally in line with expectations. January construction spending rose by the widely forecast level of 1.8 per cent, after falling a revised 0.1 per cent in December. A rise of 0.8 per cent in January personal income was above estimates of around 0.6 per cent, but the gain of 0.6 per cent in consumption was lower than the forecast 0.8 per cent.

The most significant figure was probably the NAPM survey for February. This index of economic activity showed a reading of 48.3 per cent, against 45.2 per cent in January. The market was looking for a figure of 46.0 per cent.

Reasonably buoyant economic figures helped boost the dollar, pushing it up towards technical resistance levels of DM1.7175 and Y149.90.

Fear about the inflationary implications of German monetary union continued to undermine confidence in the D-Mark. A West German news report set a date for union of July 1, at a rate of one D-Mark for one East German ostmark. This was denied by Bonn, and denounced by the administration in Berlin as a move to damage the business chances of East Germany.

Mr Karl Otto Pöhl, Bundesbank president, suggested a one for one exchange rate was naive but understandable, because East Germans are afraid of losing their savings. Mr Pöhl continued to urge caution and said the negotiations will take some months after the March 18 East German elections.

Another fall in Tokyo share prices kept the yen under a cloud. The Bank of Japan again intervened heavily as the dollar threatened to break through Y150.00. Dealers estimated the Japanese central bank sold about $1bn to support the yen yesterday, and that intervention so far this week has been $6bn to $7bn.

At the close in London the dollar had advanced to DM1.7150 from DM1.6960; to Y149.65 from Y148.80; to FFr5.7925 from FFr5.7375; and to SFr1.5060 from SFr1.4910. Its index rose to 68.0 from 67.6.

Sterling continued to suffer from Wednesday's poor UK trade figures for January and from growing concern over opinion polls pointing to the unpopularity of the Conservative Government.

The pound fell 2.45 cents to $1.6655. It also declined to DM2.8575 from DM2.8675; to Y249.25 from Y251.50; to FFr9.6475 from FFr9.6975; and to SFr2.5075 from SFr2.5200. Sterling's index lost 0.6 to 89.8.

EURO-CURRENCY INTEREST RATES

Mar 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15–14⅞	15⅛–15	15⅛–15	15¼–15⅛	15⅝–15½	15⅞–15⅝
US Dollar	8¼–8⅛	8⅜–8¼	8⅜–8¼	8½–8⅜	8⅝–8½	8¾–8⅝
Can. Dollar	13¾–13½	13⅝–13⅜	13¼–13	13¼–13	12⅞–12⅝	12⅝–12½
D. Guilder	8⅝–8½	8⅞–8¾	8¹⁵⁄₁₆–8¹³⁄₁₆	9–8⅞	9⅛–9⅛	9⅜–9¼
Sw. Franc	9¼–9	9⅜–9¼	9½–9⅜	9⅝–9½	9⅝–9½	9⅝–9½
Deutschmark	8¼–8⅛	8⅜–8¼	8⅝–8½	8⅞–8¾	9–8⅞	9⅜–9¼
Fr Franc	10¼–10⅛	10⅜–10¼	10½–10⅜	10⅝–10½	11–10⅞	11¼–11⅛
Italian Lira	13–11	12–11	12¾–12¼	13–12½	13¼–12¾	13⅝–13⅜
B. Fr. (Fin)	10⅞–10⅝	10⅞–10⅝	10⅞–10⅝	10⅞–10⅝	10¹⁵⁄₁₆–10¹¹⁄₁₆	11–10⅞
B. Fr. (Con)	10⅝–10¼	10¾–10½	10¾–10½	10¾–10½	10⅞–10⅝	11⅛–10⅞
Yen	6¾–6⅝	6¾–6⅝	7⅛–7⅛	7⅜–7¼	7⅜–7¼	7⅝–7½
D. Krone	12¼–11¾	12¼–12⅛	12½–12⅛	12⅞–12⅝	12¹³⁄₁₆–12⅝	12¹³⁄₁₆–12⅝
Asian $Sing	8⅜–8¼	8⅜–8¼	8⅜–8¼	8⅝–8½	8⅞–8⅝	8¹⁵⁄₁₆–8⅝

Long term Eurodollars: two years 9–8⅞ per cent; three years 9⅛–9 per cent; four years 9¼–9⅛ per cent; five years 9⅜–9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

Mar.1	Latest	Previous Close
£ Spot	1.6615-1.6625	1.6750-1.6760
1 month	0.94-0.93pm	0.95-0.94pm
3 months	2.75-2.72pm	2.82-2.80pm
12 months	9.70-9.60pm	9.74-9.67pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Mar.1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6640 - 1.6765	1.6650 - 1.6660	0.94-0.92cpm	6.70	2.74-2.71pm	6.54
Canada	1.9795 - 1.9950	1.9805 - 1.9815	0.29-0.21cpm	1.51	0.79-0.67pm	1.47
Netherlands	3.20¾ - 3.22¼	3.21 - 3.22	1¾-1⅝cpm	6.30	4⅞-4⅝pm	5.91
Belgium	59.15 - 59.55	59.15 - 59.25	24-22cpm	4.66	69-65pm	4.53
Denmark	10.92 - 11.13½	10.92 - 10.93	2¾-2⅛orepm	2.81	7¾-7¼pm	2.75
Ireland	1.0695 - 1.0765	1.0710 - 1.0720	0.37-0.32ppm	3.86	0.87-0.85pm	3.21
W. Germany	2.85 - 2.86¼	2.85½ - 2.86	1⅝-1½pfpm	6.56	4½-4⅜pm	6.39
Portugal	249.20 - 251.20	249.20 - 250.20	9-27cdis	-0.87	130-181dis	-2.49
Spain	182.60 - 183.55	182.70 - 183.00	15-6cpm	0.69	23-10pm	0.36
Italy	2102¼ - 2112	2106¼ - 2107¼	6-4lirepm	2.85	13-11pm	2.28
Norway	10.93¼ - 10.99¼	10.93¼ - 10.94¼	3⅞-3¼orepm	3.77	9⅞-9½pm	3.54
France	9.62½ - 9.67¼	9.64¼ - 9.65¼	3¾-3⅝cpm	4.59	10¼-9⅞pm	4.17
Sweden	10.23¾ - 10.30¼	10.23¾ - 10.24¾	¾-¼orepm	0.37	1⅛-⅝pm	0.34
Japan	248¾ - 250¾	248¾ - 249¾	1¾-1⅝ypm	8.12	4⅞-4⅝pm	7.62
Austria	20.00 - 20.12	20.02 - 20.05	11⅞-11⅛gropm	6.89	32¼-30¼pm	6.38
Switzerland	2.49¾ - 2.51¼	2.50¼ - 2.51¼	1⅝-1½cpm	5.68	3⅝-3½pm	8.08
ECU	1.3945 - 1.3970	1.3960 - 1.3970	0.51-0.48cpm	4.25	1.38-1.33pm	3.88

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 59.15-59.25 Six-month forward dollar 5.34-5.29cpm 12 months 9.65-9.55cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6640 - 1.6765	1.6650 - 1.6660	0.94-0.92cpm	6.70	2.74-2.71pm	6.54
Ireland†	1.5540 - 1.5610	1.5575 - 1.5585	0.46-0.41cpm	3.36	1.55-1.45pm	3.86
Canada	1.1875 - 1.1910	1.1900 - 1.1910	0.52-0.55cpm	-5.39	1.53-1.57dis	-5.21
Netherlands	1.9175 - 1.9330	1.9305 - 1.9315	0.08-0.11cdis	-0.59	0.30-0.33dis	-0.65
Belgium	35.40 - 35.65	35.50 - 35.60	3.00-9.00cdis	-2.02	14.00-24.00dis	-2.14
Denmark	6.53¾ - 6.57¼	6.55¼ - 6.56¼	1.97-2.17oredis	-3.78	6.15-6.65dis	-3.90
W. Germany	1.7035 - 1.7170	1.7145 - 1.7155	0.01dis-0.01pm	-	0.08-0.10dis	-0.01
Portugal	149.95 - 150.20	149.95 - 150.05	90-100cdis	-7.60	330-360dis	-9.20
Spain	109.35 - 109.80	109.55 - 109.65	52-58cdis	-6.02	170-180dis	-6.38
Italy	1257½ - 1263½	1265 - 1265½	3.20-4.20liredis	-3.52	12.50-14.50dis	-4.28
Norway	6.54½ - 6.58	6.56½ - 6.57	1.55-1.78oredis	-3.02	4.85-5.25dis	-3.07
France	5.76 - 5.79½	5.78 - 5.79½	1.00-1.05cdis	-2.13	3.42-3.52dis	-2.40
Sweden	6.14¼ - 6.16¾	6.14¾ - 6.15¼	3.20-3.35oredis	-6.39	9.45-9.80dis	-6.26
Japan	149.15 - 149.80	149.60 - 149.70	0.16-0.13ypm	1.16	0.39-0.36pm	1.00
Austria	12.00¼ - 12.05¾	12.04¾ - 12.05	0.30dis-0.15gpm	-0.07	0.40-1.70dis	-0.35
Switzerland	1.4965 - 1.5080	1.5055 - 1.5065	0.09-0.12cpm	0.84	0.32-0.37dis	0.92
ECU	1.1920 - 1.2005	1.1920 - 1.1930	0.25-0.24cpm	2.47	0.82-0.79pm	2.70

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.50-35.60

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE BUND FUTURES OPTIONS

[illegible]

LIFFE EUROMARK OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

CAC-40 FUTURES (MATIF)

Stock Index

	Open	Close	Change	High	Low	Open Int.
March	1832.0	1849.0	-23.0	1836.0	1825.0	2,250
April	1832.0	1826.0	-24.0	1833.0	1827.0	6,067
May	1831.0	1828.0	-	1834.0	1831.0	432
June	1833.0	1831.0	-	-	-	37

Estimated volume 5,599 Total Open Interest 9,606

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6655	1.6562	1.6388	1.6124	1.5646

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6620	1.6650	1.6590	1.6752
Jun	1.6342	1.6388	1.6312	1.6484
Sep	1.6100	1.6120	1.6100	1.6238

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptns.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit. Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk. N. East	15	Mount Banking	15		
		Nat. Bk. of Kuwait	15		

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MONEY MARKETS

Longer rates firm

SHORTER TERM interest rates were little changed in London yesterday, but the longer end of the market was firmer. There is not yet any fear that bank base rates will be forced higher. On the other hand, Wednesday's UK trade figures were bad enough to depress any hopes that rates can be cut in the near to medium term.

Three-month sterling interbank was quoted at at 15¼-15⅛ per cent against 15³⁄₁₆-15⅛ per cent, while one-year money rose to 15⁷⁄₁₆-15⁵⁄₁₆ from 15⁵⁄₁₆-15¼ per cent.

> UK clearing bank base lending rate
> 15 per cent
> from October 5

Short sterling futures continued to weaken on Liffe, opening at 85.10 for June delivery and touching a low of 85.04, before closing at 85.05 against 85.14 on Wednesday.

The Bank of England initially forecast a day-to-day credit shortage of £600m, but revised this to £650m in the afternoon. Total help of £637m was provided.

Before lunch the Bank of England bought £350m bank bills outright in band 2 at 14⅞ per cent. In the afternoon the authorities purchased another £237m bills, by way of £204m bank bills in band 1 at 14⅞ per cent and £33m bank bills in band 2 at 14¾ per cent. Late assistance of around £50m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £967m, with a rise in the note circulation absorbing £80m and bank balances below target £10m. These outweighed Exchequer transactions adding £450m to liquidity.

In Frankfurt call money eased slightly, but hovered around the Bundesbank's Lombard emergency financing rate of 8 per cent, as credit conditions remained tight. Repayment of Wednesday's heavy Lombard borrowing kept call money firm. Banks were forced to draw down funds to meet monthly reserve requirements, and the borrowing of Dm16bn under the Lombard facility was the largest so far this year. As expected, there was no change in official interest rates at yesterday's meeting of the Bundesbank council.

In Amsterdam the Dutch Central Bank cut the rate on special advances by 0.1 per cent to 8.3 per cent when adding liquidity to the money market under a seven-day facility. Dealers said the softness of the D-Mark had enabled the central bank to ease its intervention rate without undermining the guilder.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.1) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8⁷⁄₁₆	offer 8⁹⁄₁₆

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed. funds	8¼
Fed. funds at intervention	8¼

Treasury Bills and Bonds

One month	7.92	Three year	8.51
Two month	7.62	Four year	8.55
Three month	8.06	Five year	8.52
Six month	8.17	Seven year	8.60
One year	8.19	10-year	8.56
Two year	8.50	30-year	8.59

Mar 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.95-8.05	8.10-8.25	8.20-8.35	8.35-8.50	8.75-8.90	8.00
Paris	10⅛-10¼	10⅛-10¼	-	10⁷⁄₁₆-10⁵⁄₁₆	-	10.00
Zurich	8⅝-8⅞	8⅞-9⅛	-	9-9¼	-	-
Amsterdam	8.65-8.75	8.80-8.90	-	8.95-9.05	-	-
Tokyo	6½-6⅜	7⅛-7⅛	-	7⅝-7½	-	-
Milan	12¾-13¼	13-13½	-	13⅛-13½	-	-
Brussels	9.20	10⅛-10⅜	-	10½-10⅝	-	-
Dublin	10⅞-11¼	11⁹⁄₁₆-11¹³⁄₁₆	12⅛-12¼	12⅛-12⅞	12⅛-12⅜	-

LONDON MONEY RATES

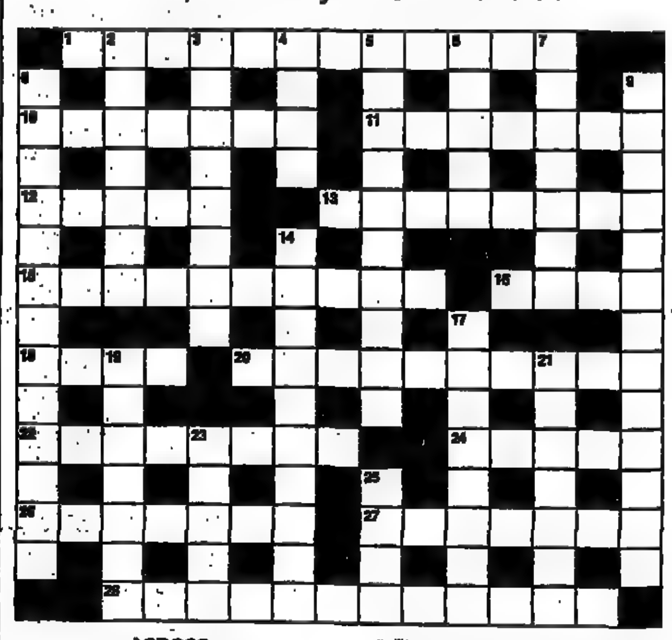
Mar 1	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	15	15¹⁄₁₆	15¼	15⅜	15⅜
Interbank Bid	13	14⅞	15	15⅛	15¼	15¼
Sterling CDs	-	-	15¹⁄₁₆	15⅛	15¼	15¼
Local Authority Deps.	14¹³⁄₁₆	14¹³⁄₁₆	15	15⅛	15⅛	15
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14¹³⁄₁₆	14⅞	14¹³⁄₁₆	14⅝	-	-
Company Deposits	-	-	15⅛	15⅜	15¼	15⅜
Finance House Deposits	-	-	15¼	15⅜	15¼	15⅜
Treasury Bills (Buy)	-	-	14¹³⁄₁₆	14⅝	-	-
Bank Bills (Buy)	-	-	14¾	14¹¹⁄₁₆	14½	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.30	8.32	8.40	8.65
SDR Linked Dep. Offer	-	-	9	9⅛	9¼	9½
SDR Linked Dep. Bid	-	-	8⅞	9⅛	9⅛	9⅜
ECU Linked Dep. Offer	-	-	10⅞	11⅛	11¼	11⅜
ECU Linked Dep. Bid	-	-	10⅝	11	11⅛	11⅛

Treasury Bills (sell); one-month 14¹³⁄₁₆ per cent; three months 14¹⁹⁄₃₂ per cent; Bank Bills (sell): one-month 14¹¹⁄₁₆ per cent; three months 14½ per cent; Treasury Bills; Average tender rate of discount 14.3421 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1990. Agreed rates for period March 26 1990 to April 24, 1990, Scheme I: 15.87 p.c., Schemes II & III: 16.41 p.c. Reference rate for period Feb.1, 1990 to February 28, 1990, Scheme IV&V: 15.141 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from March 1, 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,178 Set by HIGHLANDER



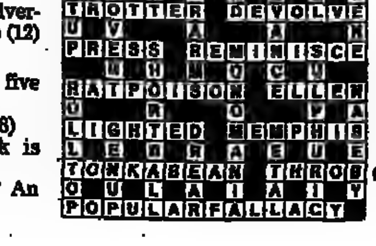
ACROSS

1 Race sheet places upset by first of events (12)
10 Group in charge of Derby perhaps (7)
11 Ruin opening (7)
12 Works in co-operation with orchestra (5)
13 Family support sound wooden enclosure (8)
15 Cash to cover steps for getting over lethal epidemic (10)
16 Shed tears when you and I exercise together (4)
18 Drops off bridge backwards (4)
20 Finance committee used to make cuts in basic food (10)
22 Pickle needs little publicity in sea-going environment (8)
24 There's a jackass about, but not very approachable (5)
26 No nuts, I see, said migrant (7)
27 Is inside, recording poetry for the event (7)
28 Flanders used to be pulverised into a terrible state (12)

DOWN

2 Arrest involved about five hundred merchants (7)
3 City area still euphoric (8)
4 This part of the pack is secure (4)
5 One with shell on top? An aquatic arthropod (10)
6 It determines depth when one is in current (5)
7 State of Islamic ruler makes me upset and angry (7)
8 Something additional a group of people planned to hear (13)
9 I offered great changes to acknowledge lack of common ground (5,2,6)
14 Copied exhibit in colour (10)
17 Arab resort next to Israel creates friction (8)
19 Extremes of poverty right in the middle of a N. African tourist attraction (7)
21 A room transformed by you and me in love (7)
23 Push around, for example press for payment (5)
25 Some women used to keep list of food available (4)

Solution to Puzzle No.7,177



WORLD STOCK MARKETS

AUSTRIA

March 1	Sch	+ or −
Austrian Airlines	4,750	—
Creditanstalt	7,220	+20
Goesser	7,380	+80
Interunfall	28,500	—
Jungbunzlauer	19,500	−100
Laenderbank	1,410	+10
OeMV	12,650	−100
Perlmooser	2,240	+40
Reininghaus	3,100	—
Semperit	197	+9
Steyr-Daimler	175	−2
Veitscher Mag	1,235	−10
Verbund	305	—

BELGIUM/LUXEMBOURG

March 1	Frs.	+ or −
Arbed	4,450	+50
B.B.L.	2,940	—
Bank Intl. a Lux	15,950	—
Banque Gen. Du Lux	14,750	—
Banque Nat. Belg	33,575	−1,475
Bekaert B	14,200	+100
Ciment CBR	6,950	—
Cobepa	5,050	−110
Do. AFV 1	5,140	—
Cockerill	184	+1
Colruyt	20,050	—
Delhaize	5,100	+10
EBES	4,055	+55
Do. AFV 1	3,950	−5
Fabrique Nat.	382	+2
GIB Group	1,200	−4
Do. AFV	1,136	+16
GBL(Brux)L	3,900	−5
Do. AFV 1	3,880	−65
Do. AFV 2	3,900	—
Gechem	760	—
Do. AFV	702	−60
Generale Bank	4,850	+145
Do. AFV 1	5,040	+135
Do. AFV 2	5,570	+170
Gevaert	8,500	+400
Intercom	3,160	−20
Do. AFV 1	3,030	—
Do. AFV 2	3,120	+75
Kredietbank	3,600	−5
Do. AFV	4,040	−110

FRANCE (continued)

March 1	Frs.	+ or −
Auxiliare d'Ent	1,004	−7
BIC	638	+9
BSN	716	−6
Bancaire Cie	526	−4
BNP (Cert.Inv.)	397	−17
Beghin-Say	754	+1
Do. Certs	510	+10
Bongrain	2,795	+25
Bouygues	534	−2
CGIP	1,220	−50
CMB Packaging	168.5	+5.2
Carrefour	3,199	−1
Casino	148.6	−0.2
Cetelem	534	−1
Chargeurs	1,108	−9
Ciments Fr.	1,336	−3
Club Mediterranee	665	+6
Coflmeg	400.6	+0.6
Cogifi	361.2	+3.2
CGE	537	−6
Coparex	368	—
Cred Foncier Fr	1,239	−3
Credit National	1,220	−16
Damart	3,585	−6
Docks de France	4,397	−18
Dollfus-Mieg	577	+2
Dumez S.A.	822	+3
Eaux (Cie Gen)	2,130	−7
Ecco	505	−4
Electrafin'ce	914	—
Elf-Aquitaine	586	−5
Do. Certs	442.5	−1.4
Epeda-Bertrand	1,300	−5
Essilor	2,545	−25
Eternit (Fin.)	1,780	−18
Euraftance	2,326	−72
Eurocom	1,775	+15
Euro Disneyland	97.4	−1.1
Euromarche	3,951	−49
Exor	1,680	+6
Finextel	198	−5
Fonciere Lyon	952	+7
Fromageries	2,330	+20
GTM-Entrepose	1,232	−68
Gaumont (Soc N)	998	+1
Gen Geophysique	1,110	−5
Gen. Occidentale	795	—
Hachette	345	−7
Havas	1,415	−18

GERMANY (continued) · **ITALY (continued)** · **SWEDEN** · **NETHERLANDS** · **SWITZERLAND** · **NORWAY** · **SPAIN** · **SOUTH AFRICA** · **DENMARK** · **FINLAND** · **FRANCE** · **ITALY** · **GERMANY** · **JAPAN** · **AUSTRALIA (continued)** · **HONG KONG** · **AUSTRALIA** · **MALAYSIA** · **SINGAPORE**

CANADA

TORONTO
2pm prices March 1

INDICES

NEW YORK
DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA
TORONTO

TOKYO - Most Active Stocks
Thursday March 1 1990

3pm prices March 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	24¾	AAR	.48	1.5	19	271	31⅞	30⅞	31¼	+⅛
9¾	8½	ACM n	1.26	14.		249	9⅛	9⅛	9¼	
11⅞	10½	ACMIn	1.26	11		475	11⅛	11⅛	11⅛	-⅛
9⅞	7⅞	ACM M	n1.01	12.		235	8¼	8⅛	8¼	+⅛
12⅛	11½	ACMMM				74	11⅞	11⅛	11⅞	+⅛
11½	10	ACM Sc	1.26	11.		724	11⅛	11	11	-⅛
9⅛	8⅛	ACMSp	1.01	11.		188	9⅛	9	9	-⅛
20⅛	11½	AL Lab	.16	.7	22	613	u21⅞	20⅛	21⅞	+1⅛
4⅛	3⅛	AMCA	.32e	3.7	41	3	3⅛	3⅛	3⅛	
6⅛	3⅞	AM Intl			6	1497	3⅞	3⅞	3⅞	-⅛
23½	16⅞	AM In pf	2	12.		13	17	16⅞	16⅞	-⅛
107¼	52½	AMR			8	3885	61¼	60⅞	60⅞	
27	25	ANR pf	2.67	11.		4	25⅛	25⅛	25⅛	+⅛
5½	3⅛	ARX				32	3⅛	3⅛	3⅛	
72⅝	39	ASA	3a	5.7		742	53⅛	52⅞	53	+⅞
70⅞	50⅞	AbtLab	1.40	2.2	17	3087	65	63⅞	64¼	+⅞
17¼	11¼	Abitibi g	.50			49	13	12⅞	13	+¼
13	8⅞	AcmeC	.40	4.0	11	33	10⅛	10	10	-⅛
9⅛	6	AcmeE	.32	3.6	11	228	8⅞	8⅞	8⅞	
38½	27	Acuson			21	1123	33⅛	32⅛	32⅞	-⅛
16½	12⅞	AdaEx	2.06e	13.		85	15½	15⅛	15½	+⅛
15⅛	7¼	Adobe				30	13⅛	13	13	-⅛
20⅛	16⅞	Adob pf	1.84	9.8		12	18⅞	18⅞	18⅞	-⅛
21⅞	19⅞	Adob pf	2.40	11		2	21¼	21¼	21¼	+⅛
10½	6⅞	AMD			6	3021	8⅞	8¼	8½	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	18	Rayonr	3.60	15.	6	77	24	23⅝	23¾	+ ¼
9⅝	½	vjRaytec				15	2½	2⅛	2⅛	
65	60	Raythn	2.20	3.6	6	3895	61⅛	60⅜	60½	− ¾
23¼	21	RdrDg n				2835	22⅞	22½	22⅝	− ¼
5	15-16	RdgB n				88	3	2⅞	2⅞	− ⅛
17	14½	REIT	1.36	9.7	10	33	14½	14¼	14¼	− ⅛
12⅞	5½	RecnEq				165	6⅞	6⅝	6¾	+ ⅛
20	12⅛	Reebok	.30	1.7	12	1582	17⅞	17⅝	17⅝	− ¼
½	7-64	Regal				92	⅛	11-32	⅛	
9¾	8⅜	RegiFn	.29e	3.5		45	8¼	8⅛	8⅛	
15⅝	12½	ReichTg	1.78e	13.	8	37	14	14	14	+ ⅛
6⅝	4⅜	RelGrp	.32	7.1	16	186	4⅝	4½	4½	− ⅛
24⅞	16¼	Repsol n	.27e	1.2		350	22½	22⅜	22½	− ⅛
5⅜	4⅜	RepGyp	.20	4.1	35	59	5	4⅞	4⅞	
52⅞	42¾	RepNY	1.32	2.7	1208	282	48¼	47⅞	48¼	+ ⅛
13⅝	1⅞	Rexene			7	73	2⅝	2½	2½	
33⅞	19¼	ReyRey	.80	4.0	8	75	20¼	19⅞	20¼	+ ⅛
60¼	48½	ReyMtl	1.80	3.3	6	1820	55½	54	55¼	+ ⅛
19	14⅝	RhP pfA				2	14⅞	14⅞	14⅞	− ⅛
3½	1⅞	RhnP wt				8	2⅛	2	2⅛	+ ⅛
22	16½	RhnPl n				40	16⅝	16½	16½	− ⅛
41½	29½	RiteAid	.90	2.8	13	1215	32¼	31⅞	32⅛	+ ⅛
⅜	⅛	RvrOak				10	5-32	5-32	5-32	
19⅞	15⅜	RobtHlf			15	64	17½	17¼	17½	+ ⅛
22½	17	RochG	1.60	7.8	10	161	21	20⅞	20⅞	− ⅛
45⅜	27⅜	RochTl	s1.48	4.4	17	627	33	30⅝	33	+ 2¼
22⅛	18½	RckCtr	1.80	9.8	18	712	19½	18⅞	19½	+ ⅛
27⅛	19⅝	Rockwl	.78	3.6	8	2181	22	21¾	21⅞	− ⅛
7⅜	4⅞	RodRen				61	7	6⅞	7	+ ⅛
37½	28⅜	RohHaas	1.20	4.1	11	808	29⅞	29⅜	29½	+ ⅛
37⅞	18½	Rohr			70	118	20⅜	20¼	20⅜	+ ⅛

NASDAQ NATIONAL MARKET

3pm prices March 1

AMEX COMPOSITE PRICES

3pm prices March 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng

AMERICA

Economic statistics help Dow surmount early loss

Wall Street

EQUITIES recovered their ground to register modest gains at midsession yesterday, after a bout of morning weakness as the Treasury bond market continued to slide and following another fall in the Tokyo stock market, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was up 15.54 to 2,642.79 on moderate volume of 108m shares, having stood nearly 10 points lower during morning trading. The Dow had closed 10.13 points higher at 2,627.25 on Wednesday.

Treasury bonds were quoted as much as ½ point lower and the yield on the benchmark long bond rose to 8.56 per cent.

While the bond market was hit by a much stronger-than-expected US purchasing managers' report on economic activity in February, this probably helped equities to stabilise. The report appeared to underscore the view expressed earlier this week by Mr Alan Greenspan, chairman of the US *Federal Reserve, that* the chances of a recession were less than 50 per cent.

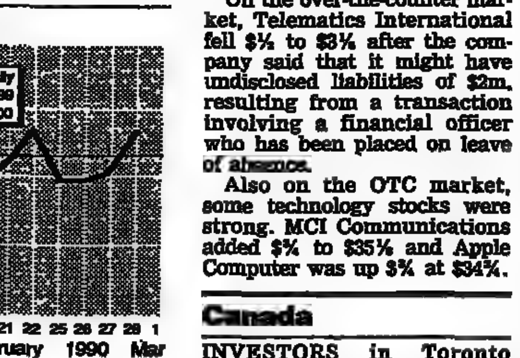
The purchasing managers' index rose to 48.3 per cent, its highest level since June last year, from 45.2 per cent in January. Most Wall Street analysts had expected the index to be roughly unchanged. For the *first time since the middle of* last year, production and new orders rose in February and, although the economy slowed last month for the 10th time in succession, it was the lowest rate of deceleration since last June.

Also announced yesterday was a 0.8 per cent rise in personal income in January and a 0.6 per cent gain in personal consumption spending. However, these figures appeared to have little impact.

The US equity market again proved resilient to the fragility of the Tokyo stock market during the morning session.

There is some doubt about whether the Dow Jones Industrial Average can make much further progress from here. The close on Wednesday was very near to the upper limit of the trading range which has held since late January. The highest close during February was 2,649.55 on February 15.

NYSE volume



Among blue chip issues yesterday, IBM was $¼ higher at $104⅛ and Ford gained $⅛ to $46⅛, but Exxon fell $⅜ to $46⅞ in the wake of this week's news that the company had been indicted on felony and misdemeanour counts in relation to the Exxon Valdez oil spill.

USAir Group at first jumped $1¼ and then fell again to stand $1 lower at midsession at $31. The initial rise was on a US press report that Mr Marvin Davis, the investor who has previously made bids to take control of NWA and UAL, had built a stake of nearly 5 per cent in USAir and was pursuing a takeover. The later fall-back in the shares suggested that investors did not give the story much credibility.

Digital Equipment fell $1⅞ to $75 after the company dismissed rumours that Japan's Mitsubishi Electric had acquired a 5 per cent interest. That speculation pushed Digital Equipment $4¾ higher on Wednesday.

Asarco added $1⅛ to $28⅞ after forecasting 1990 capital spending of about $250m, down from $273m in 1989.

On the over-the-counter market, Telematics International fell $⅛ to $3⅛ after the company said that it might have undisclosed liabilities of $2m, resulting from a transaction involving a financial officer who has been placed on leave of absence.

Also on the OTC market, some technology stocks were strong. MCI Communications added $⅞ to $35⅛ and Apple Computer was up $⅞ at $34⅞.

Canada

INVESTORS in Toronto ignored Japan's plunge and shares climbed in early afternoon trade. The composite index put on 16.6 to 3,703.3 on volume of 12m shares. Advancing stocks outnumbered those declining by 219 to 202.

Banking shares led the gains as first quarter earnings appeared to match expectations. Royal Bank rose C$⅜ to C$23¼ and Bank of Montreal added C$⅛ to C$28⅞.

Toronto Dominion was unchanged at C$18⅝, after reporting earnings of 53 cents a share compared with 63 cents in the previous quarter.

Canadian Imperial gained C$⅛ to C$27¾ after its first quarter earnings per share rose 5 cents to C$1.15.

ASIA PACIFIC

Nikkei slides while second section issues rise

Tokyo

THE DOUBLE demerits of a weak yen and higher interest rates were exacerbated by bouts of arbitrage selling yesterday, and the Nikkei average yesterday took the eighth largest fall in its history, *writes Michiyo Nakamoto in Tokyo.*

Wednesday's strong gains were more than wiped out by the close, with the Nikkei down 762.41 at 33,829.58, its low for the day, against a high of 34,587.86. The investment trusts and individual investors in evidence during Wednesday's surge were seen in early trading yesterday, but these had disappeared by the afternoon session.

Declines outnumbered advances by 649 to 343, while 126 issues were unchanged. Volume fell from 728m to 618m shares; the Topix index of all listed stocks declined by 29.53 *to 2,536.01, but, in London, the* ISE/Nikkei 50 index edged up 0.46 to 1,863.28.

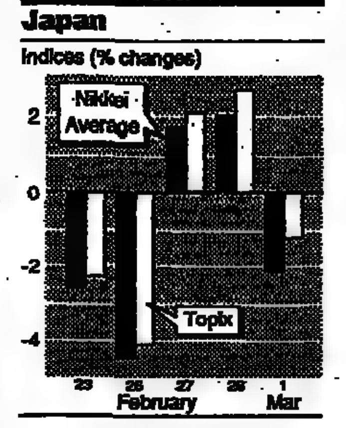
In the past five, somewhat turbulent days, the more broadly based Topix index has either fallen by less or risen by more than the Nikkei. The second section of the TSE, meanwhile, added 9.57 to 4,100 yesterday, while the over-the-counter market saw a substantial rise of 48.45 to 2,896, suggesting that investor interest had turned to smaller companies.

There seemed a depressing inevitability about the way the yen, bonds and equities followed each other down yesterday. "It's the triple lows again," said Mr Misao Maehara at Nikko Securities. The yen's weakness against the dollar came in spite of considerable selling of dollars by the Bank of Japan. Yesterday's weakness in the bond market, where yields were comfortably over 7 per cent, rekindled fears of continuing high interest rates ahead.

In equities, even issues that had seen strong gains on Wednesday were mixed. Nippon Steel, second on the volumes list with 10.9m shares, was down Y18 at Y665. Fujita, *the construction company,* slipped Y40 to Y1,870.

However, there were some continuing winners among electricals and some issues that were favoured on the strength of their good earnings. NEC and Pioneer each managed to rise Y10, to Y1,920 and Y6,680 respectively. Pioneer was the most actively traded stock, with 11.3m shares.

Japan



Maeda Road Construction, expected to profit from US demands that Japan increase its public spending, added Y40 to Y2,890. Kyocera, the maker *of semiconductor components,* advanced Y320 to Y7,270 on expectations of higher consolidated earnings in the next business year, due to the buoyant business of an affiliated telecommunications company.

Investors in Osaka kept their nerve and the OSE average managed a modest gain of 11.20 to 36,571.77. Volume, however, dropped to 99m shares from 107m on Wednesday. Strength was seen in constructions and homebuilders, with Misawa Homes up Y350 at Y3,070.

Roundup

THE LEADING Asia Pacific markets were subdued by Tokyo's further sharp fall. New Zealand, however, gained from good overseas demand and falling interest rates.

AUSTRALIA weakened after a recovery from an early fall caused by a decline in leading banking issues. The All Ordinaries index eased 4.6 to 1,570.5.

Turnover improved slightly to 70m shares valued at A$146m compared with 106m shares worth A$139m on Wednesday.

National Australia Bank was weak after the receivers were unexpectedly *ordered by a* court to relinquish control of Mr Alan Bond's brewing empire. The receivership was at the request of a syndicate of banks led by National Australia, and the court ruling was the main reason for the early fall in the index.

National Australia Bank fell 16 cents to A$6.32 in turnover of 1.6m shares. The other two leading banking issues recovered most of their early losses, with Westpac closing 6 cents lower at A$5.30 and ANZ ending 6 cents down at A$5.50.

A sharp fall by Western Mining, *suffering from falling* nickel prices, also contributed to the market's early decline. It lost 14 cents to A$5.26 on the heaviest turnover of 3.7m shares.

HONG KONG eased in weaker trading with firm support on the downside. The Hang Seng index fell 18.85 to 2,933.13, *following its 80-point* rise since Tuesday. Turnover slipped slightly to HK$1bn compared to Wednesday's HK$1.2bn.

TAIWAN dropped as the power struggle within the ruling political party continued to worry investors. The weighted index fell 241.88, or 2 per cent, to 11,419.85. Volume was 839m shares worth NT$160bn from 844m shares worth NT$137bn on Wednesday.

WELLINGTON, however, rose steadily for the third successive day. The Barclays index gained 28.19 points, or 1.6 per cent, to 1,805.69.

SOUTH AFRICA

LEADING participants stayed cautiously on the sidelines after Tokyo's plunge and the Johannesburg stock market closed mostly lower.

Continued political uncertainties and the approach of the South African budget on *March 14 were added reasons* for caution.

Gold shares slipped in line with a weaker bullion price, Southvaal shedding R2.50 to R177.50 and Kloof R1 to R39, while in mining financials Anglos eased R1.25 to R118.75.

In the industrials sector, Barlow was down R2.25 to R42.25 and Richemont 25 cents lower at R10.50.

Bombay cautious after elections

R.C.Murthy on a market being sent a series of confusing signals

INDIAN STOCK markets have reacted cautiously to results from this week's state assembly elections, indicating a *further series of defeats for Mr Rajiv* Gandhi's Congress Party.

In one sense, this has been a vote of confidence in the administration of Mr V.P. Singh, the Prime Minister, which will have completed 100 days in office at New Delhi in a week's time. However, stock markets have reacted cautiously and the 30-share index of the Bombay Stock Exchange – India's largest exchange, *accounting for more than half of national* trading – fell 4 points to 676.23 on Wednesday, before rebounding 16 points yesterday on active buying of Tata Steel, which is heavily weighted in the index.

Share prices had hit a 10-month low on February 8, when the index reached 659.30, and had moved in a narrow range since then, with minor rallies on buying by the state-owned financial institutions. The exchange authorities managed to halt the slide temporarily by banning forward sales in five actively traded scrips.

The markets have been subdued for more than a month, as the extent of undersubscription to large convertible debenture issues for a combined Rs24.31bn ($1.44bn) became clear in January, following their flotation between September and November.

All major capital issues have been put on hold after the flotation failure, and an official review of capital flotation methods is under way. Relations between the Administration and the state-owned financial institutions, which were criticised for submitting to the dictates of the previous regime and not acting independently, have grown worse.

*The Unit Trust of India, the largest insti*tutional player in the market with more than Rs120bn worth of funds to invest, was singled out for criticism and, to the embarrassment of the Administration, has kept out of the market in recent weeks, making values sag.

The present administration considers a healthy stock market as essential for the corporate sector to raise capital, but has been unable to motivate institutional investors to make a commitment to equities. India's gross national product (GNP) has grown by 5.5 per cent a year over the past five years and corporate results have been excellent.

The market focus is now on the Government's March 19 Budget, which traders fear will not be favourable.

The *National Front came to power* on a string of promises which it is finding difficult to fulfil, such as the write-off of loans of less than Rs10,000 to small farmers.

One NF promise which is worrying traders, however, is the pledge to deploy 50 per cent of the annual budget to the rural areas, where most of India's population live. Traders are worried about the effects *that such a* shift would have on the corporate sector and on markets.

They are also confused by conflicting statements made by ministers. Mr George Fernandes, Railways Minister, has threatened to throw Pepsi out of the country, while the Industries Minister, Mr Ajit Singh, has emphasised that this is only the personal view of Mr Fernandes and not party policy. Mr Singh wants 6 per cent growth in GNP this year, while another minister says redistribution of income is more important than growth.

The Budget is expected to clear up this confusion and provide a firmer basis for the stock markets in the immediate future.

EUROPE

Drop in bonds depresses bourses

MOST BOURSES, strongly *influenced by declines on* domestic bond markets, fell yesterday, but the pattern was broken by Brussels and Athens, *writes Our Markets Staff.*

FRANKFURT followed the Japanese pattern, with the broadly based FAZ index only 3.09, or 0.4 per cent, lower at midsession while the 30-share DAX opened with a 1.1 per cent fall and closed down 22.06, or 1.2 per cent, at 1,787.87.

London analysts said that the discrepancy suggested that professionals were marking down blue chips, with second line stocks being spared this indignity. The theory was supported by another fall in bourse turnover, from DM5.7bn to DM5.3bn, on the day that West German bourses reported record turnover for February.

Share and bond turnover totalled DM390.5bn, up DM5bn from January and representing a gain in the average daily level from DM17.5bn to DM20bn. However, the impetus last month was from bonds, up from DM161.1bn to DM179.5bn, whereas shares fell from DM224.4bn to DM211bn.

Bonds led the way yesterday, too, as a rise of 12 basis points in the Bundesbank's average bond yield, from 8.92 to 9.04 per cent, depressed sentiment in the equity market.

*Carmakers and banks con*tinued to lead share prices lower, with Volkswagen, down DM13.50 at DM540.50, and Deutsche Bank, off DM13 at DM750, showing marginally the worst declines in each sector.

In electronics, Nixdorf eased DM3.50 to DM266; it has agreed to scale back its planned West German job cuts by 33 per cent, under pressure from employee works councils. Meanwhile Siemens, its new parent company, closed DM9 lower at DM731.

PARIS refused to be reassured by Wall Street's overnight rise and followed French bonds and Tokyo stocks lower, as fears of higher interest rates grew. The CAC 40 index lost 17.24 to 1,832.44 on turnover estimated at FFr2bn, down from Wednesday's FFr2.3bn.

Among the most active stocks, Michelin dropped FFr5 to FFr130, Peugeot lost FFr3 to FFr787 and Navigation Mixte eased FFr6 to FFr1,939.

Bargain-hunting lifted the packaging sector, with Pechiney International rising FFr1 to FFr140, in the day's biggest volume of 360,600 shares, and CMB Packaging gaining FFr5.20 to FFr168.50. Both fell sharply on Wednesday after *analysts downgraded their* profit forecasts, and both are well off their year's highs.

GTM-Entrepose, a contractor for offshore oil installations, dropped FFr68 to FFr1,232 on a mixture of profit-taking and *concern about the profitability* of some of its recent Middle East contracts.

AMSTERDAM was discouraged by declining domestic bonds and lower-than-expected results from Philips, the electronics group. The CBS tendency index fell 1.3 to 105.3 in nervous trading.

Turnover was thought to be similar to the previous day's level because of activity in Philips, which closed 40 cents down at Fl 40.70. The shares initially dropped 2.4 per cent on a 30 per cent rise in net earnings; the figures included huge extraordinary profits on asset sales, and revealed a downturn in the company's computers and microchips businesses. Wednesday's news of management changes was regarded as positive, but of long-term interest, said one observer, as Mr Jan Timmer will not take up his post as president until next year.

MILAN finished mixed in quiet trading, the Comit index *easing 1.21 to 654.50. Enimont,* which dropped L28 to L1,442 at the official close on uncertainties about its future, rallied to L1,460 in late trading.

ZURICH slipped in thin trading, the Crédit Suisse index *falling 4.7 to 596.6, but* Bank Leu lit up a gloomy banking sector with a rise of SFr55 to SFr3,365; it said that its 1989 net profit had risen 15 per cent.

MADRID declined in thin turnover after the sharp fall in Tokyo. The general index lost 1.9 to 271.51, with profit-taking in the construction sector. The national Budget, which was regarded as moderate, came after the close.

STOCKHOLM slipped slightly, with investors mainly cautious. The Affärsvärlden general index shed 8.5 to 1,166.8. Banking shares, which had lagged behind earlier gains, went against the downward trend.

Pharmacia, which reported 1989 net profits down 22 per cent after the close, saw its free Bs fall SKr1 to SKr189. Volvo was actively traded at weaker prices, its free Bs falling SKr4 to SKr407. Car registrations generally fell 11.4 per cent in February, compared with the same month in 1989.

BRUSSELS firmed in active trading, with the cash market index gaining 47.8 to 5,727.13.

FN, the arms maker, closed BFr2 higher at BFr382 after reaching BFr390 at one stage. After the market closed, the company reported a consolidated net loss down to BFr2.5bn from BFr5.79bn in *1988, with about half the short*fall due to exceptional factors. Société Générale de Belgique, the parent company, said it would shortly announce measures to help the unit.

ATHENS soared to a record high, in heavy trading encouraged by a healthy economic and political outlook. The general share index closed more than 28 points higher at 623.76, a rise of 4¾ per cent – the second time this year that the index has broken above 600.

Sentiment was supported by intensifying foreign buying interest, a string of recent good corporate results and the prospect of political stability.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 28 1990						TUESDAY FEBRUARY 27 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	139.98	+0.4	122.80	122.29	+0.3	5.51	139.39	122.14	121.91	160.41	128.28	135.27
Austria (19)	266.46	+0.9	233.76	234.98	+1.5	1.13	264.01	231.34	231.55	266.46	92.84	100.69
Belgium (61)	134.59	+0.4	118.07	117.16	+1.0	4.76	134.02	117.44	116.01	160.02	125.58	130.52
Canada (120)	139.35	+0.9	122.24	120.33	+0.7	3.39	138.10	121.01	119.45	154.17	124.67	131.05
Denmark (36)	246.77	−1.0	216.48	218.49	−0.6	1.47	249.35	218.49	216.64	260.82	165.35	166.32
Finland (26)	147.77	−0.1	129.64	123.28	+0.0	2.41	147.98	129.66	123.21	159.16	118.63	140.65
France (125)	144.46	+0.4	126.73	130.02	+1.0	2.89	143.90	126.09	128.72	157.97	112.57	113.50
West Germany (96)	125.13	−0.2	109.77	110.38	+0.5	1.92	125.35	109.83	109.74	137.01	79.56	84.66
Hong Kong (48)	121.03	+0.9	106.18	121.33	+0.9	4.82	119.99	105.14	120.27	140.33	86.41	127.95
Ireland (17)	189.67	+0.0	166.39	170.12	+0.4	2.56	189.73	166.25	169.42	198.57	125.00	142.14
Italy (96)	93.00	+0.0	81.59	87.05	+0.6	2.64	93.02	81.51	86.54	102.11	74.97	79.52
Japan (455)	166.65	+2.3	146.20	156.75	+2.5	0.52	162.87	142.72	152.99	200.11	159.43	193.46
Malaysia (36)	237.74	+1.6	208.57	247.50	+1.6	2.16	234.11	205.14	243.71	245.32	143.35	153.85
Mexico (13)	392.10	−0.5	343.98	1170.77	−0.3	0.44	393.90	345.15	1174.87	393.90	153.32	153.32
Netherland (43)	132.96	−0.2	116.64	115.85	+0.3	4.76	133.28	116.79	115.46	145.66	110.63	112.90
New Zealand (18)	63.64	+1.6	55.83	57.41	+1.5	6.01	62.65	54.89	56.55	88.18	61.96	70.85
Norway (24)	233.45	−0.2	204.80	206.68	+0.1	1.59	233.84	204.90	206.38	241.98	139.92	164.73
Singapore (26)	192.34	+1.4	168.73	165.39	+1.5	1.76	189.71	166.23	163.00	199.38	124.57	137.99
South Africa (60)	198.13	+0.0	173.82	157.77	+0.9	3.55	198.12	173.60	156.34	251.39	115.35	129.41
Spain (43)	149.19	+0.0	130.88	122.91	+0.3	4.27	149.14	130.69	122.53	169.75	143.14	143.14
Sweden (35)	183.91	−0.3	161.34	166.42	−0.1	2.22	184.38	161.56	166.64	208.95	138.45	152.49
Switzerland (62)	93.75	−1.2	82.25	86.66	−0.7	2.13	94.90	83.15	87.25	99.12	67.81	75.51
United Kingdom (306)	154.92	−0.1	135.91	135.91	+0.1	4.74	155.00	135.82	135.82	164.31	133.28	145.89
USA (542)	134.43	+0.5	117.93	134.43	+0.5	3.53	133.72	117.17	133.72	146.29	112.13	117.07
Europe (989)	138.11	−0.1	121.16	121.66	+0.3	3.57	138.22	121.12	121.29	146.66	112.63	116.94
Nordic (121)	189.32	−0.6	166.08	162.64	−0.3	1.86	190.36	166.80	163.10	201.89	137.95	145.11
Pacific Basin (667)	163.93	+2.2	143.81	153.97	+2.3	0.79	160.37	140.52	150.44	194.72	157.05	188.31
Euro – Pacific (1656)	153.84	+1.4	134.96	141.21	+1.6	1.80	151.77	132.99	139.00	174.18	141.56	159.75
North America (662)	134.63	+0.6	118.10	133.54	+0.5	3.52	133.89	117.32	132.82	146.66	112.79	117.81
Europe Ex. UK (683)	126.62	−0.1	111.08	112.82	+0.5	2.79	126.75	111.06	112.29	135.73	96.30	99.04
Pacific Ex. Japan (212)	130.91	+0.8	114.85	118.61	+0.7	4.84	129.93	113.85	117.79	140.05	111.93	126.69
World Ex. US (1849)	153.91	+1.3	135.03	140.98	+1.6	1.87	151.89	133.09	138.82	173.77	141.49	158.44
World Ex. UK (2085)	145.07	+1.2	127.26	138.95	+1.3	2.16	143.35	125.61	137.11	162.00	136.98	142.21
World Ex. So. Af. (2331)	145.61	+1.1	127.74	138.50	+1.2	2.39	144.05	126.22	136.82	161.84	136.67	142.60
World Ex. Japan (1936)	136.69	+0.3	119.92	129.45	+0.5	3.59	136.26	119.41	128.85	145.52	114.51	118.01
The World Index (2391)	145.93	+1.1	128.02	138.63	+1.2	2.40	144.38	126.51	136.96	162.05	136.68	142.52

Latest prices were unavailable for this edition.
Trading on the Helsinki exchange has been reduced following a banking employees dispute.
CONSTITUENT CHANGES 1/3/90: Name changes: Schw Aluminium (Bearer & P.C.s) to Alusuisse-Lonza Hldgs. (Bearer & P.C.s) (Switzerland).

The essential equipment for top-notch work

By Michael Dixon

JUST suppose you arrive to start a new job this morning, and the first thing you are asked is if you have brought your tools.

I'd bet that most readers would be *flabbergasted* by the question. For generations now, the bulk of us have taken it for granted that our employer will provide any *external* equipment required for the work. The only things we need to bring to it are carried in our brains and nervous systems or else*where inside ourselves.*

But it is an assumption that often chimes oddly with fact. For example, even with the best electronic gadgetry laid on to help, many people in new jobs or under changed management not only know they are failing to work as well as they did before, but feel incapable of doing so.

The usual explanation is *that they've lost motivation.* As with many a word glibly used in management theory, however, the meaning of "motivation" is hard to pin down. Quite what they have lost, in any definition that might help them to regain it, remains a mystery.

One person who feels able to shed light on it is Philip Collings, a former Whitbread executive who heads the newly established Quadriga consultancy (Little Grange, Hinton Rd, Hurst, Berkshire RG10 0BP; tel 0734 320859, fax 0734 342549). Drawing on the findings of management researcher Jerry Fletcher, chief of High Performance *Dynamics* in the United States, Mr Collings makes two main claims.

Firstly, each of us has a particular way of working which we prefer to all of the others we can use. Secondly, that particular pattern is the only one which enables us to give of our best.

Hence, *if we are to do so,* our equipment must include more than tools such as computers and helping hands. The employer also needs to grant us the wherewithal to use our personal "high-performance pattern", which to an important extent means avoiding making us work in incompatible ways.

Since it is hard to be *objective enough to define* one's own pattern unaided, Dr Fletcher has devised a method. Guided by a trained consultant, the people under *study identify* three or four fairly recent incidents in which they performed at their peak. At least one should have been outside their job.

They describe each of the incidents in a specific sequence. First, what led them to tackle the task. *Second, how they got the* work going. Third, how they kept up the momentum. Last, how they brought their involvement to an end.

After recording and analysing what they say, the consultant sends them a prototype pattern. They amend and return it, and the text is then batted back and forth until a definitive version *is agreed.*

The result is rarely of a sort certain to please the average employer, *such as:* "I arrive well before starting time and do precisely what my boss says until I am told to go home." The terms need *to be general enough to cover* a complex of processes hard to define in words at all.

So the outcome is often less matter-of-fact than metaphorical, as typified by the above pattern produced for a *specialist* who sees himself not so much doing things as going places.

As well as strengths, every pattern entails some weaknesses, and the final step in the exercise is to identify where the main ones lie. It is done by identifying aspects of the description which apparently contradict one another.

For instance, although the specialist worker glories in going walkabout, he seems *reluctant* to proceed without feeling sure that other folk can follow. Contradictorily speaking, therefore, he could be called a "cautious daredevil" – which, if all goes perfectly, might raise him to his greatest strength as a "sure-footed trail-blazer."

When things go badly, however, the same trait might reduce him to his weakest as an "armchair flibbertigibbet."

Philip Collings says he would be the last person to pretend that the method of identifying high-performance patterns is scientific. Even so, he claims *that* it can benefit people likely to have to work together – whether as manager and managed, or as colleagues – by offering *them a better means than* they had before of deciding if their preferred approaches are compatible.

The exercise can also be helpful on an individual plane. Few people ever think *deeply* about their skills. They mostly just use them, at the cost of never having much idea of what they are, let alone how they may best be *applied.*

But the task of threshing out an agreed pattern focuses thought with an intensity that can lead to surprising discoveries about a central part of one's life. That much the *Jobs column* knows, being the specialist whose pattern appears in the box.

EXAMPLE OF A QUADRIGA 'HIGH-PERFORMANCE PATTERN'

1. I am fascinated by something I sense is important, which I feel uniquely able to *explore productively.*
2. I know that with persistence I can lead the way to a valuable discovery, without having a clear notion of how.
3. I set *about learning* whatever *promises to show me the route to somewhere not* yet on my map; that will be recognised as worth reaching by people familiar with the same broad territory.
4. I call on any expertise which *seems* useful – not caring if I am seen as irritating, ignorant etc – seeking answers to questions I feel will lead in the right direction.
5. I sift the information until I find a starting base from which I can see at least one landmark that looks a helpful staging-post.
6. I go from one promising landmark to the next as long as I feel I am enabling other people *to follow;* otherwise I go back to base and cast around for a better route.
7. I progress with increasing certainty that my line is right and clear for others to follow, resisting diversionary pressures to the limit of my resources.
8. I eventually reach a *point* at which I know I can *stop,* being *sure of* where it is on the map and how it was reached, and that I or others can go on from there if we wish.
9. I am delighted to hear that others have enjoyed the journey, even if they think it led to nowhere significant.
10. I feel that the result will leave them not only believing I am a trusty and worthwhile *guide and companion,* but *inclined to try another adventure* – *preferably in my* company although, if not, in somebody else's or on their own.

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Preferred candidates details will be discussed with our client. Those wishing to discuss this position in confidence may telephone Jan Stockton on 01-334 5743. CVs including salary details and quoting reference J/0063 should be sent to her at:

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Applications should be sent to the Staff Officer, Heriot-Watt University, Riccarton, Edinburgh EH14 4AS from whom further particulars may be obtained. Candidates wishing information on an informal basis are invited to telephone Professor Tony Keenan, Head of the Business School on 031-449 3191.

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THE PERSONNEL MANAGER
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Financial Times
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NIKKO

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Chief, Personnel Services Division (VN/3/90) (A)
UNRWA, Vienna International Centre
P.O. Box 700, A-1400 Vienna/Austria

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The successful applicant's salary will be commensurate with the individual's qualifications and experience, other benefits are offered.

APPLICANTS TO THE FOREGOING POSITION SHOULD SEND FULL RESUMES, EVIDENCE OF QUALIFICATIONS, TWO WRITTEN TESTIMONIALS INCLUDING ONE FROM PREVIOUS EMPLOYER BY 14th MARCH, 1990 TO:

The Corporate Secretary,
The Hotel Corporation of The Bahamas
P.O. Box N.9520,
Nassau, Bahamas.

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ACCOUNTANCY COLUMN

Auditors will have to become whistle-blowers

By David Waller

AUDITORS find out early in their training that they are watchdogs and not bloodhounds. From today, when the Auditing Practices Committee (APC) issues its long-awaited guideline on auditors and fraud, auditors will also have to consider themselves as whistle-blowers.

The guideline, which follows a gestation period of no less than five years, sets out to clarify auditors' responsibilities in relation to fraud, as well as other irregularities and errors. It recommends that auditors take a modestly pro-active role in reporting fraud to third parties.

The document acknowledges that auditors' primary duty is one of confidentiality to the client. But the document says auditors should also consider throwing this narrow duty aside and think of the wider public interest.

Taking its cue from an ethical statement issued in 1988, Professional Contact in Relation to Defaults or Unlawful Acts, the document spells out the circumstances when the public interest could be served by a nod and a wink to the Department of Trade and Industry or some other official authority.

Under normal circumstances, the auditor's first step would be to alert the client's management to the existence of fraud. But the guideline says that if senior managers or directors are involved in the fraud, the auditor may see fit to go over the head of the board of directors, even non-executive directors and the audit committee, to directly report to the regulatory authorities.

Alerting the authorities would be justified if the fraud is likely to result in a material gain or loss for any one person or group of people; is likely to be "repeated with impunity" if not disclosed; or if "there is a general management ethic ... of flouting the law and regulations." The strength of the auditor's evidence is deemed important too.

Legal advice given to the APC said auditors should attach importance to the wider interests of the company in any case "where the auditor considered that the directors could not be relied upon to apply their minds properly to those interests."

"An auditor will not be in breach of any legal duty if, although entitled to disclose, he fails to do so"

Counsel also advised: "An auditor will not be in breach of any legal duty if, although entitled to disclose, he fails to do so. His decision to whether to do so or not is therefore a matter of professional judgment and not a matter of law. It is a decision which should reflect the proper expectations which the public has of his profession."

So despite the codification of responsibilities within the guideline, it is all a matter of professional judgment. It appears that the only circumstances where auditors of a company not in the financial sector definitely must "blow the whistle" is when they stumble on treason — a practice for which there is as yet no APC guideline.

Responsibilities are different for companies covered by the special requirements of the Financial Services Act 1986, the Building Societies Act of the same year and the Banking Act 1987.

Following Professor Gower's reports on Investor Protection (in 1982 and 1984), companies covered by this legislation can be authorised to conduct business only if they keep proper accounting records and have adequate internal controls.

These acts require that auditors make specific representations to the regulators on these and other points and describe the circumstances when auditors should go directly to the authorities in order to protect the interests of shareholders or depositors.

Today's guideline — which for the first time establishes rules for auditors reporting on companies not in the financial sector — will offer solace to auditors confused about what the precise nature of their duties is.

The guideline makes it clear that the prime responsibility for detecting fraud rests with management. The auditor must plan an audit so that he or she has a "reasonable expectation" of spotting serious misstatements which impinge on the truth and fairness of a set of accounts.

Thus the discovery of a major fraud after a set of accounts has been signed off is not necessary evidence that the auditors have failed to meet their responsibilities, the guideline will say. This is accurate — but hardly consoles companies which employ auditors, or investors who rely on audited accounts which subsequently prove to be less than "true and fair."

Investors, for one, are still reeling from the implications of the verdict in the Caparo case earlier this month which, in layman's terms, said that auditors do not owe much of a duty to anybody other than existing shareholders.

A Peat Marwick poll of 2,191 UK adults showed that there was widespread ignorance of what auditors do

Today's guideline from the APC is pitched towards the practitioner and not the business public at large. It is unlikely to do much to tackle the gulf between what the public think auditors should do and what the auditors themselves think that they are doing.

Research by KPMG Peat Marwick McLintock shows that this gap is very wide.

Peat Marwick polled 2,191 adults in the UK, of whom 122 were categorised as "influential" (for example chairman, director or partner in an business employing more than 50 people), and a further 232 described as "financially aware" (owning and managing a portfolio of shares).

For the accountant worried about his or her image, the results were disturbing. There was widespread ignorance of what auditors do, even on the part of people in the influential and financially aware groups.

Three quarters of the total sample thought that it was the responsibility of auditors to check for fraud of all kinds, including 56 per cent of the influential category and 78 per cent of the financially aware group.

More than 61 per cent of the total believed that it was the responsibility of auditors to search actively for fraud, including 42 per cent of the influential grouping and 65 per cent of the financially aware category.

Other disturbing findings were that more than a third of the financially in-the-know group thought that auditors guaranteed the financial soundness of a company; and one-in-five of this group thought that audited financial statements give a very accurate or exact picture of the financial soundness of a company and an exact account its financial affairs.

Some 27 per cent of the total thought that auditors checked between 91 and 100 per cent of all a company's financial transactions.

However, there is some good news for the much-misunderstood auditors: almost two-thirds of the top people have a favourable impression of them.

This compares with a mere 33 per cent who have a favourable impression of management consultants.

Audit and Auditors: What the Public Thinks. KPMG Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD. Price £10.

ACCOUNTANCY APPOINTMENTS

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Ballast Nedam is now establishing its first U.K. based operation and there is an exciting opportunity to build a career in the newly established finance function. Reporting to the Managing Director you will take full responsibility for all aspects of financial and management accounting and computer related matters. Your initial priorities will be to establish the whole range of financial systems and procedures and as a key member of the executive team, you will be expected to make a significant contribution to the development and planned growth of projects and joint ventures within this country.

Candidates should be qualified accountants, probably aged under 35, who have gained their financial management experience within the construction industry. Ambitious and assertive, with good interpersonal and communication skills, you will recognise that this is an opportunity to establish and build a career which combines the benefits of a major international blue-chip company with considerable autonomy.

Please write in confidence with career summary and salary details to Hilary Campbell, quoting reference HC/924.

KPMG Peat Marwick McLintock

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Group Financial Controller

Central London c£40,000 + car

Our client is a major plc which wishes to strengthen the financial management for a part of the group which accounts for more than £25 million annual turnover. These subsidiaries are engaged mainly in the provision of services within property development, distribution and leasing.

Each subsidiary has its own financial management. The Financial Controller's function will be to strengthen that management on an ad hoc basis, to act in a trouble shooting role and to provide periodic financial reports to the Chairman. There will be an emphasis on internal controls and the development of systems.

For this key role applications are invited from qualified accountants, probably aged 35+, who have experience of implementing strong financial controls across distributed sites and diverse trading activities. An ability to work independently should be combined with a personal style which readily commands respect from well qualified, very experienced line management. Previous in depth systems experience is essential.

This is a pivotal role at the centre of a dynamic, acquisitive group and should prove to be an excellent springboard position for the right candidate.

To be considered please send your cv or telephone Nicolas Mabin (01-495 7808) at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB (Fax: 01-495 3011) quoting reference F/900/N.

Ernst & Young

SEARCH AND SELECTION

Management Accountant

Consumer Durables
Lancashire,
c £30,000, Car

This Company (T/O £70 million), a manufacturer of an established brand of consumer durables, is undergoing an internal re-organisation of its UK production facilities. An experienced Management Accountant is required to join the executive team with the specific brief of providing financial objectivity in the area of manufacturing profit performance. A thorough appraisal of financial management reporting methods is required to take full account of the needs of a dynamic production team. As a result you will be responsible for reviewing standard costing, general ledger and forecasting systems and their impact upon the sales, manufacturing and distribution functions. Resource and cost optimisation, budgetary control and the installation of a perpetual inventory system are other aspects of this challenging role where you will be supported by a department which, too, will be subject to your organisational review. Candidates, aged over 30, will be qualified accountants (CIMA) who can demonstrate a successful track record in a marketing led consumer products manufacturing environment. A full understanding of standard costing systems is essential. Pro-active rather than re-active in assessing key business issues, you will need to be self motivated and prepared to adopt a shirt sleeve approach as you heighten the profile of the management accounting function. An attractive salary is supplemented by a comprehensive range of large company benefits.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, D. Pottier, Hoggett Bowers plc, 11-12 Queen Square, BRISTOL, BS1 4NT. 0272-298433. Fax: 0272-279714, quoting Ref: D16033/FT.

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Candidates should be Chartered Accountants with at least 3 years' post qualifying experience gained in financial services or, alternatively, within the profession but with experience gained in this sector. Knowledge of computerised accounting systems and the appropriate regulatory requirements plus excellent line management skills are all essential. As international negotiations will be part of the responsibilities, fluency in a European language would be useful but above all we seek an individual from a fast growing, dynamic, financial services environment who can contribute fully to strategic issues while taking a 'hands-on' detailed approach as required.

An excellent salary and benefits package will be negotiated with the successful candidate.

Please write in the first instance, enclosing a CV and full salary details, quoting ref E/0061 to Christopher Bainton:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL
Tel. 01-334 5273

Price Waterhouse

Young Financial Controller

c£65,000 + Relocation CITY

Our client is one of the largest and most prestigious professional partnerships in the UK. They are very successful. As an integral and influential member of the City community they are continually involved in topical business matters including major mergers, takeovers, flotations and privatisations. As one of the best known law firms they provide a full range of legal and commercial advice to some of the largest and most active companies in the UK.

However, they are not a dull and dreary firm but a committed, lively and enthusiastic group of individuals with a young age profile. It is a partnership where merit counts, not status.

We seek a Financial Controller for the partnership at a time of unprecedented growth in demand for their services. The main responsibilities of the position are the day-to-day running of a finance function of around 35 staff, strategic planning and the provision of a comprehensive management information service to the firm. You will also serve on the finance committee and be expected to make a full contribution to the commercial development of the business.

Candidates for the position will be qualified graduate accountants and probably aged late twenties to mid thirties. You should have experience in a senior financial position in a commercial environment, preferably involving staff management. A commercial approach and the desire to contribute to the running of a business are important.

If you would like to be considered, please send your career and current salary details to Barry C Skates at our Maidenhead offices. For an informal discussion you can telephone him on 0628 75956.

MKA EXECUTIVE SEARCH AND SELECTION LIMITED
MKA House King Street
Maidenhead Berks SL6 1EF
Telephone (0628) 75956 Fax (0628) 770085

MKA

Maidenhead, London, Worcester

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Previous executive recruitment experience would be a distinct advantage and the successful candidate must have the potential to develop his or her career, within Korn/Ferry International in due course.

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FINANCIAL DIRECTOR

Midlands/Hertfordshire c£27,500+Car+Bonus

Our Client is part of a major international Plc operating a variety of highly successful and profitable manufacturing and distribution businesses. With branches throughout the UK, the company has maintained continuous expansion over recent years through organic growth and acquisition. They now seek to appoint a Financial Director for one of the distribution businesses to manage its financial activities.

The key features of this role will be the co-ordination, planning and direction of the financial management of the business to maximise its contributions to business development, operational control and profit performance. Reporting to the Managing Director, you will manage accounts functions based in Hertfordshire and the West Midlands and work closely with regional management across the UK. A willingness to travel is therefore necessary.

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KPMG Peat Marwick McLintock

Executive Selection
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PQE

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Candidates should be qualified chartered accountants, aged late 20's early 30's, who can have a sound practical approach to their work preferably gained within a bigger company *environment*. This new position will be in the forefront of a changing environment so it is vital that candidates are able to work with staff at all levels and bring enthusiasm to the Group. Career opportunities are first class.

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The seniority of this position is reflected in the salary indicated, together with a substantial benefits package.

For further information please telephone R. J. Unger or send your full c.v. in strictest confidence to him at the address below, quoting reference FT/504/RU. Executive Selection Associates Limited, 15–17 The Broadway, Old Hatfield, Herts. AL9 5HZ. Tel: (0707) 264311.

E S A
EXECUTIVE SELECTION ASSOCIATES
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Finance Director

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To ensure that the business continues to develop successfully, a director is required to provide financial direction as well as restructuring the accounting function.

Applicants should be qualified accountants aged 35-45 with senior level management experience gained within a sizeable plc organisation with overseas business activities. Essential requirements are the knowledge of accounting for large projects and the ability to work within a fast moving and flexible business. European language skills – preferably French – would be helpful.

A full relocation package is available if appropriate.

Please send career and personal details quoting reference F/400/A to Carrie Andrews, Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

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SEARCH AND SELECTION

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Finance Director

Midlands,
To £40,000, Car, Benefits

Part of a major international group, this company is an established supplier of IT solutions. They have particular expertise in defining computer requirements, developing high function application solutions and implementing large scale systems. Reporting to the Managing Director they now seek to appoint a senior financial professional to control and develop the business practices in the company in line with expansion plans and also to be capable of contributing to the new business opportunities. Key responsibilities will include the direction of all finance and accounting matters, strategy, planning and budgeting. The brief however, will also encompass other wide ranging responsibilities as a member of the senior management team. Preferably aged 35-45 and qualified you will currently be employed at a senior level in an IT business or with IT management responsibilities in a large organisation. It is essential that you demonstrate strong leadership capabilities and can communicate well at all levels. In addition to the highly attractive salary, relocation assistance will be given where appropriate. Prospects are excellent for ambitious committed individuals who wish to further their careers significantly.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *G.J. Deakin*, Hoggett Bowers plc, *13 Frederick Road, Edgbaston*, BIRMINGHAM, B15 1JD. 021-455 7575, Fax: 021-454 2338, *quoting Ref: B18144/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

FINANCIAL ACCOUNTANT

Middlesex
£ Excellent

An opportunity has arisen for a Financial Accountant to join us at our Denham Head Office. Reporting to the Chief Accountant, you will assist in all aspects of Accounting and Internal Control – primarily in the submission of monthly reports, monitoring of departmental costs, fixed asset control, budget coordination and preparation of year end statements including Corporation Tax Computation.

Candidates should possess a degree and professional accounting qualification together with relevant experience in commerce and industry. A working knowledge of German is desirable.

If you have the drive and initiative, together with the ability to make a solid contribution to the financial management of the business, please send a CV to Janet Davies, Personnel Manager, Robert Bosch Ltd., PO Box 98, Broadwater Park, North Orbital Road, Uxbridge, Middx. UB9 5HJ.

Robert Bosch Ltd., the UK subsidiary of the multi-national Bosch Group market a wide range of products used within the industrial, domestic and automotive sectors.

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Financial Director

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Our client is the main operating subsidiary of a highly successful, quoted FMCG manufacturing company.

The group which, in 1990, will have a turnover in excess of £45 million, has experienced exceptional growth since its inception and is poised for further expansion both in the UK and worldwide.

As a function of this growth, the company is seeking to recruit a young, high calibre Financial Director.

Reporting to the Managing Director the successful individual will join an ambitious senior management team which is committed to the company's further growth and success.

Responsibilities will encompass all areas of accounting and finance and will include the management of 15 staff.

Further development of financial planning, control and reporting is a key task together with the ability to probe into all aspects of the company's operations.

The successful candidate will be a qualified accountant (age 28-35) with at least 2 years' commercial experience preferably gained in a manufacturing environment.

Future prospects are excellent both within the finance function and general management.

Interested applicants should contact Ian Leech, 0272 276509 (24 hours) or write to him at 29 St Augustine's Parade, Bristol BS1 4UL.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

Uxbridge — c.£30,000+car

Our clients are an independent Group (T/O £25m) providing a range of specialised products' to industry. Continuing profitable exploitation of their market has produced the need for improved financial control and managment information. Working closely with the recently appointed Finance Director and supported by a small staff, the Financial Controller will, therefore, need initially to focus on designing and installing enhanced systems to satisfy current and future needs of the business. This will equip him/her to make an increasing contribution to the Group's commercial direction. Applicants must be qualified and have had experience of operating in a dynamic environment where organisational development was a key issue. Ref: 2126/FT. Write or telephone for an application form or send full details (with daytime telephone number and current salary) to R P Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

FINANCIAL CONTROLLER

Pharmaceuticals – UK product launch

North West London — **£30–35,000 + car + benefits**

A dynamic and entrepreneurial independent European company, our client has acquired the patent, production and marketing rights for a revolutionary pharmaceutical product and has recently established a subsidiary which will serve as the vehicle through which to manufacture and market this product on an international scale. A Financial Controller is now sought to assist in constructing a financial framework compatible with the long-term objectives of this new venture.

Working in close conjunction with the Financial Director of the holding company, the appointee will be instrumental in creating an efficient finance function in order to ensure the successful transition of the project from a "start-up" operation to an established and increasingly sophisticated business.

Candidates should be qualified accountants with a minimum of three years' post qualification experience, a significant portion of which must have been gained in a manufacturing environment. They should demonstrate the commercial acumen, managerial potential and commitment necessary to thrive in this challenging position, which represents an exceptional opportunity to join an organisation at an embryonic stage in its development and make a significant contribution to its success.

Please write, in confidence, with full career and salary details, quoting reference C1802 to Tim Knight.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Nuclear Electric — GLOUCESTERSHIRE — c.£50,000 + BENEFITS

Corporate Treasurer

Nuclear Electric Plc is strengthening its management team to meet the challenges of operating in the competitive environment that will result from the privatisation of the electricity supply industry. Increased commercial awareness will be key to the success of this new two billion pound company.

As Corporate Treasurer you will be responsible for providing a top quality treasury service, as well as overseeing the tax and insurance activities of the company. This new role will require a major contribution at strategic levels, and provide you with an excellent opportunity to influence the overall structure and role of the treasury function in a substantial UK company.

Probably a qualified accountant in your 30s or 40s, you will have a strong track record of success in treasury. Experience at a senior level will have been gained in either the public or private sector. Some knowledge of tax would be advantageous. The excellent remuneration package reflects the importance attached to the role and includes full relocation assistance if required.

Please send full personal and career details in confidence to Alison Lewis, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5349/FT on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

Financial Controller

£40,000 + bonus + car — **London**

Our client is a newly formed, highly prestigious merchant bank set up by a group of very successful and experienced property investment bankers. Backed by substantial funding from a major US corporate partner, the operation will offer a fee based advisory service to international property clients and will invest substantial sums for its own account.

They need a highly competent and experienced Controller to implement and maintain sophisticated reporting systems, take responsibility for statutory and regulatory body returns, and ensure effective control and management of the firm's finances. The incumbent will also be responsible for regular reporting to the US corporate partner, for company secretarial work and tax matters.

Candidates must be self-motivated, qualified accountants with the ability to operate effectively in a lean and rapidly developing company. They should have experience in banking, financial services or property and be computer literate. The right candidate will be able to establish his or her credibility quickly with the banking professionals and become a valuable member of their team.

The firm offers a salary in the region of £40,000, plus performance-related bonus, car and excellent benefits package.

Please write, in confidence, to Jane Woodward at the address below, enclosing full career details and quoting ref SHA.1430.

Stoy Hayward Associates
MANAGEMENT CONSULTANTS, EXECUTIVE RESOURCING, 8 BAKER STREET, LONDON W1M 1DA
FAX No: 01-487 3686
A member of Horwath International

Financial Controller

Capital Equipment
Central Lancashire,
c £26,000, Car, Benefits

As part of an ongoing strategy to maximise its potential this successful £100m turnover company, part of a world-wide group, now seeks a fully qualified accountant for one of its major business units.

You will be responsible for all operational planning, control and reporting for a customer service operation covering all installation, warranty, parts and service activities. Initial emphasis will be on the upgrade of the computerised reporting system.

Aged 30-40 you will be a qualified ACA or ACMA with at least 2-3 years industrial experience. Personal qualities will include the ability to communicate with, and relate to, senior operational managers.

An excellent rewards package includes attractive salary, an executive car, good pension scheme and exciting career prospects.

J. Morrison, Ref: M19062/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Fax: 061-834 8577, Hoggett Bowers plc, *St. James's Court, 30 Brown Street,* MANCHESTER, *M2 2JF*.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Group Financial Director

Service Industry — **London c.£50,000**

This appointment is with a leading international employment services group, with a good record of maintained growth and profitability in a highly competitive industry.

The person appointed will assume responsibility for accounting, financial management and MIS worldwide. They can make a significant contribution to the group's strategic development but must also be willing to oversee day to day accounting matters and assume a sizeable staff management role.

Candidates must be graduate, chartered accountants with experience, ideally gained in a fast moving service industry, which will have included acquisitions.

A confident, mature but flexible individual, responsive and resourceful, is needed. A high degree of computer literacy and familiarity with the implementation and enhancement of computerised systems would be an advantage as is the ability to prioritise a wide range of issues, to cope under pressure and to meet deadlines.

The role calls for an exceptional candidate but represents an opportunity to join a successful private group with continuous development plans. The remuneration package, which is negotiable, will include an attractive basic salary, a significant bonus potential, a company car and private health cover.

In the first instance, please write in confidence enclosing career details to J. R. Gunning, Associate Director, Austin Knight Selection, Knightway House, 20 Soho Square, London W1A 1DS. Please quote ref: 152/JRG/90.

Austin Knight

FINANCIAL CONTROLLER

"New Venture"

Bristol — **c£40,000 plus benefits**

Having been granted one of the new Personal Communications Network licences, a Consortium involving British Aerospace, Pacific Telesis, Millicom, Matra Communication and Sony is now established in BRISTOL. This radical new advance in mobile telecommunications is backed by a £1.2 bn investment programme which is expected to generate business worth £1,000 million by the year 2000, with the service available to the public from 1992.

This is an exceptional opportunity for an experienced qualified Accountant who will be expected to establish the appropriate financial procedures, recruiting staff as necessary and setting up the appropriate financial control systems for a customer database of at least 4 million in the early 1990s.

Your previous experience will highlight strong management skills, a thoroughly professional approach to introducing new systems, with the ability to contribute in a new venture with huge growth potential. A highly competitive salary and benefits package will be offered along with relocation assistance if required.

To apply, please send or fax in confidence a fully detailed CV to Mrs. Barbara Wood quoting reference 186.

KPMG Peat Marwick McLintock
Executive Selection and Search
Richmond Park House, 15 Pembroke Road, Bristol BS8 3BG. Fax: (0272) 732191

Financial Controller

City — **c£35,000 + car**

This well respected medium sized partnership provides a variety of services within the property sector.

Following a major restructuring of the operation, a financial controller is required to define pertinent management information for the various business units and develop appropriate accounting systems to support this, managing a small finance and DP function.

Reflecting the importance of the role, the appointee will report to the senior partner and be expected to take an active part in the development of the business.

Applicants should be qualified accountants aged 35–45 with senior level experience gained with a medium sized service environment, and be familiar with computerised accounting systems and the development of management information. Experience of implementing new systems would be an advantage, as would that of working within a partnership. The successful candidate will have a "hands-on" approach but the stature and credibility to relate to and influence the partners and operate in a period of considerable change.

Please send career and personal details quoting reference F/420/A to Carrie Andrews at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

Managing Change in a Media Environment

FINANCE MANAGER

West End — **to £29,000 + car**

Recent promotions within a well-known division of a major media group have created a new opportunity for a young, Qualified Accountant. This is a key role which will offer an outstanding individual the scope to have a real impact on the business.

Reporting to the Financial Controller and leading/motivating a small team running the day to day accounting function, the main emphasis of this 'hands-on' role will be:

- Acting as user representative in new systems development
- Extensive liaison with departments throughout the division and group to achieve financial objectives
- Developing an effective credit control function.

This rare opportunity will demand a high level of drive and commitment. If you possess the personal and technical skills necessary to command respect and achieve results, this could provide the challenge you are seeking.

Please write to *Shirley Knight* BA, ACMA, MBA at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and a note of current salary. Alternatively you could telephone her on 01-491 3431 for more information.

F M S
Search and Selection Specialists
for
Financial Management

Financial Director

East Midlands £36,000 + Car + Bonus

Our client is a successful manufacturing group which crosses the food and leisure industries, with a turnover in excess of £20 million. This PLC has grown both organically and by acquisition to become one of the Top 5 in Europe in their specialist but fast growing field, and has ambitious expansion plans for the future, both in the UK and across the globe.

As Finance Director, you will be one of four executive directors and have full responsibility for the finance function, as well as the Group's Management Information Systems. You will also be expected to use your commercial knowledge in the policy making procedures as a main board Director.

In addition to being a qualified accountant you will:

★ have significant experience in the manufacturing sector (preferably FMCG)
★ be computer literate
★ have a 'hands-on' approach
★ be comfortable in an open management style
★ be aged 30+
★ have sound managerial and interpersonal skills
★ receive an excellent remuneration package, including a bonus scheme up to 15%, relocation and share option.

If you feel you have the required knowledge and skills, please reply enclosing a comprehensive CV to Paul Kinsey ACMA at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

West Midlands c£28,000 + Car

Our client is a highly successful UK subsidiary of a European multinational, involved in the service and distribution of high value engineering products. Their impressive growth in recent years is forecast to continue, both by expanding their current dealership network and by the provision of a comprehensive range of services to their clients and dealerships.

As a result of their rapid expansion, they now require a forward looking Finance Director to assist in the formulation of the plans necessary to sustain the company's profitable growth.

Reporting to the Managing Director in the UK and functionally to the Group Finance Director, you will assume full control of all finance and related functions in this demanding and commercial environment.

In particular, you will be required to adopt a hands-on approach in the implementation and development of management information systems in liaison with the Head Office.

Candidates, aged 28-35, should be qualified accountants, assertive and self confident by nature and ideally possess some aptitude for a major European language, since success here will serve as a springboard from which to launch a career within the group in either financial or general management.

Interested candidates should apply in writing, enclosing a current curriculum vitae, to Oliver Howl BSc, ACA at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, quoting reference OH.105, or telephone him on 021-643 6255.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

HEARTS OF OAK INSURANCE GROUP

Hearts of Oak Benefit Society

Appointment of Assistant Secretary

As a result of internal promotion, the Society is seeking an Assistant Secretary to complete its complement of Officials. Professionally qualified candidates of either sex below the age of 46 years should submit their personal details and C.V. to the Chairman of the Board of Directors of the Society by 31st March 1990.

Terms and conditions of employment will be explained at any interview granted but candidates may expect a basic salary of £26,000 per annum (under review) to commence. In addition, there is a contributory final salary pension scheme and low cost mortgage facilities. A Society car will be supplied with running expenses reimbursed by the Society. Membership of B.U.P.A. is also granted on appointment.

Candidates will be asked to demonstrate a detailed knowledge of the marketing and selling of financial services as they will be responsible to the future Chief Executive of the Society for this section of the Society's operations. This advertisement will be made available to both internal and external candidates.

The Board of Directors will select a short list of candidates who will be required to appear before the annual meeting of the Society in June 1990. This annual meeting attended by the Society's Delegates is the venue where the final appointment will be made.

Written applications only to:-

Chairman, Board of Directors, Hearts of Oak Benefit Society, 84, Kingsway, London, WC2B 6NF.

marking envelope in top left hand corner: "PERSONAL/ASSISTANT SECRETARY"

A MEMBER OF lautro

EUROPEAN DIMENSIONS

ACA/CIMA/ACCA Amsterdam Substantial Package

As a result of our client's successful acquisition strategy in Europe and Scandinavia a position has arisen within the Finance Function of a leading computer services company.

This is an outstanding opportunity to gain exposure to the European market and the challenges it poses to senior management.

Reporting to the European Controller this individual will play a key role in monitoring and actively managing the various subsidiaries finance and general business activities.

Based in Amsterdam extensive liaison with subsidiary controllers throughout the continent will be required. An overseas living allowance will be provided. Some language skills would be an advantage.

The group has an unrivalled track record of projecting finance specialists into senior operational roles.

The package is negotiable and contains a performance related bonus.

For additional information please contact Richard Parnell on 01-437 0464 or write enclosing brief details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

AUDIT CONTROLLER

London based c.£35,000 + car

Hamilton Brothers Oil and Gas Limited is a major North Sea operator with significant involvement in a variety of exploration, development and production activities. We currently have four oil and three gas fields in production, are expecting a further development to be on-stream by October 1990 and have recently secured approval to proceed with one of our largest North Sea projects to date.

As Audit Controller, you will play a key role in the success of these activities by effectively identifying areas requiring auditing and by monitoring expenditure on behalf of Hamilton Brothers and our partners.

Highly-motivated and innovative, you will be an important member of the Accounting and Systems Department management team. You will have the opportunity to recruit your own number two and to shape the operating style of your unit.

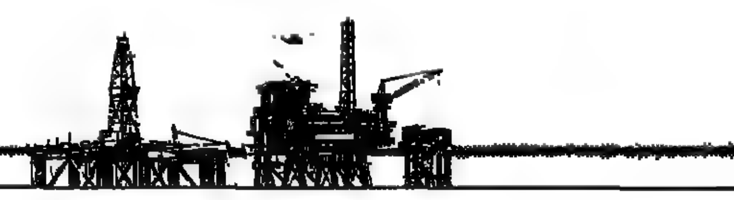
A qualified accountant with an incisive, analytical approach, you will have at least six years' experience in the oil industry in a senior audit capacity. The confidence and authority to deal easily and effectively with contractors and consultants are essential, together with strong interpersonal skills.

The salary will not prove a barrier to the right candidate and the package includes contributory pension scheme, employee share ownership scheme, free private health care and relocation assistance where appropriate.

For an informal discussion, please call Georgina Baines on 01-499 9555. Alternatively, send your full cv to her at Hamilton Brothers Oil and Gas Limited, Devonshire House, Piccadilly, London W1X 6AQ.

H C

Hamilton Brothers Oil and Gas Limited



Financial Accountant

Consumer Durables
Surrey,
£25,000, Car

Part of a major international Plc, this company (T/O c £70 million) is involved in the manufacture and distribution of consumer durables on a worldwide basis.

Your main area of responsibility will be the consolidation of all financial and management reporting information received from seven overseas and two UK subsidiaries. You will also be involved in the consolidation of the annual budget and longer term plans. These tasks will involve liaison with management at all locations and, therefore, well developed communication skills are a prerequisite. Experience of PC-based modelling systems is essential as you will be required to initiate and modify programmes as appropriate. A qualified accountant, aged under 30, you will view this position as providing a first class career development opportunity with the longer-term prospects being excellent in what is a highly visible role.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D. Pottier,* **Hoggett Bowers plc,** *11-12 Queen Square,* **BRISTOL, BS1 4NT. 0272-298433, Fax: 0272-279714;** *quoting Ref: D16032/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

The Rank Organisation

Group Accounting in a Successful British Major

The Rank Organisation is an international market leader in the leisure and entertainment industries and has recently made multi-million pound investments both in Europe and in North America.

As Financial Accountant, you will play a significant part in producing the company's group accounts using a sophisticated computerised consolidation system, reviewing information and preparing detailed reports.

Because of the pace of business growth, you can expect to undertake a wide range of investigations into accounting issues. You will need to understand the financial management implications of acquisitions and other major transactions and liaise with the group's US corporate office.

To succeed in this role in the Organisation's Central London head office, you should have a high level of technical competence. You will already have corporate accounting experience or be a recently qualified ACA/ACCA.

Salary is negotiable and will depend on the level of experience gained to date.

In complete confidence, please telephone Bill Curteis on 01-629 5909 (01-504 1329 evenings/weekends) or write with CV to: **Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.**

Simpson Crowden
CONSULTANTS

Financial Controller

Central London c£32,500 + car

Our client is a small but highly respected business providing services principally to the FMCG sector.

There is now a requirement to appoint a controller as the fourth member of the management team to play a key role in helping to develop the future growth of the business, as well as managing the accounting and DP functions.

This position would suit a recently qualified accountant, keen to work within a lively and fast moving business, who is experienced in a small company environment either within commerce or the profession. Essential requirements are a 'hands-on' attitude as well as the ability to operate proactively as part of the management team and the potential to merit a full board appointment within 12 months.

Please send career and personal details quoting reference F/180/A to Carrie Andrews at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

Finance Director Designate

Lloyd's Brokers — City

Our client is a medium-sized, independent firm which is owned by the working Directors. The Group has grown organically and by acquisition so that it now provides a full range of services (*marine, non-marine, life and pensions, motor and reinsurance*). For its many international clients it offers a high quality and more personal alternative to the multinational broking corporations.

The Finance Director designate, reporting to the Chairman, will be responsible for all aspects of the Group's finance and accounting and will work closely with the Directors in the continuing development of the business.

Candidates must be qualified accountants who are familiar with Lloyd's accounting requirements and have a good systems knowledge. In addition to first class professional and managerial skills, personal qualities are all important: strength of personality, drive, judgement, and social awareness.

An attractive salary package will be negotiated, including bonus and car. It is expected that equity will be available in due course.

Please apply to Sir Timothy Hoare, Career Plan Ltd., 33 John's Mews, London WC1N 2NS. Tel: 01-242 5775 (01-607 7359 between 7.30 and 9.30pm). Fax: 01-831 7623.

Career plan LIMITED

Personnel Consultants

LONDON — c.£48,000 + CAR + BENEFITS

Group Finance & Planning Controller

With a multi-billion pound asset base, and operating a nationwide network, this major capital intensive Group of companies is undergoing a period of demanding and exciting commercial development.

Working with Senior Management, and leading a team of high calibre professionals, the Group Finance and Planning Controller will play a key role in developing the business and achieving results, taking responsibility for both long term strategic planning and the day to day control of operations. You will manage all aspects of corporate financial planning, budgetary control and project/investment appraisal, including a capital investment programme of over £1 billion.

This will be a high profile position within a *major industry*, requiring extensive liaison with technical specialists and at senior level, both within the Group and externally – including regulatory bodies.

Probably in your mid to late thirties, and almost certainly a graduate, you will be a commercially astute, qualified accountant/MBA with substantial financial management experience gained at strategic level within *a major, capital intensive plc*. You will have excellent hands-on management and leadership skills, while also possessing *outstanding* intellectual and analytical abilities. You will also demonstrate a positive and *confident approach and a persuasive manner*, and will operate effectively under pressure. Good organisational ability and excellent presentation and communication skills are essential.

Please send full personal and career details in strict confidence to Christopher Evans, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4 7PL, quoting reference 5375/FT on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

ACA

26-32 c£37,000 +

Our client, a *prestigious* multinational, wishes to appoint a Chartered Accountantwith commercial aptitude, able to take on a managerial position within one of the groups operatingsubsiduaries in UK/Europe/USA, within 2 years.

A rare oportunity for a young accountant to move from the circa £40k bracket, into the *£100k+ bracket* within a comparatively short period.

Please call *Anthony Justin*

HYNES ASSOCIATES LTD., Executive Search & Selection Ltd., International Bus. Centre, 77-79 Wells Street, London, W1P 3RE. Tel: 01-580 5522 Fax: 01-323 1107.

APPOINTMENTS WANTED

FINANCE DIRECTOR/ TREASURER

43, Swiss, multilingual, is looking for a new challenge, if possible in USA or UK.

Please write Box A1497, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

Glaxo

FINANCE MANAGER

Hertfordshire

£30,000

Car & Benefits

Seven years of remarkable growth have made Glaxo one of the world's largest ethical pharmaceutical companies and one of the UK's most successful international businesses. *Sales turnover since 1980* has risen from £500m to £2,500m and profits now exceed £1,000m a year. Astute management has been key to this success and Glaxo's finance managers play a critical role in shaping the group's business.

Glaxo Manufacturing Services are looking for a Finance Manager to play a key role on the management team of a substantial business which manufactures a leading range of quality pharmaceutical products for worldwide markets. Already one of the most advanced manufacturing facilities in Europe, capital investment is considerable.

The role will be to provide business advice and a financial perspective to strategic and operating decisions. This will include planning and appraising large capital projects, developing long range plans, budgets and forecasts, evaluating opportunities and ad hoc advisory work. Finance Managers who show commercial flair are highly valued at Glaxo, and success in the role will bring exceptional opportunity.

Candidates will be qualified accountants, probably aged 26 to 32. Some experience within a *manufacturing company* will be an advantage, but is not essential. You should be commercially astute, energetic, innovative and have the ability to influence and contribute at the highest levels.

The company enjoys the setting of a rural town while being only 30 minutes from London and close to the M25, A1 and A10 intersections.

Please send career and salary details to Sue Rossiter, Director, at Barrett Webb Ltd., *Boston Road, Henley-on-Thames*, RG9 1DY. Alternatively telephone her on (0491) 410766 (daytime) or (0491) 680015 (evenings) for an informal discussion. Strict confidentiality is of course assured.

Barrett · Webb
Search & Selection

Audit & Investigation

£30,000 + Car + Benefits

Our client's determination to extend the scope of its audit function has evoked an eager and positive response from management. An extensive brief of financial, systems and operational audit assignments is now complemented by an interesting array of investigations.

Managing a small, motivated team in this wide ranging role, your well-developed technical and managerial skills will be strongly challenged. The ability to work intelligently with senior line managers and the external auditors, exploring further opportunities to develop the contribution of internal audit to the company, is vital.

A professionally qualified accountant with sound audit experience, you will bring a practical but enthusiastic approach to the audit function. *Career progression in either audit or general finance* will prove no problem for an able and effective manager.

Base Location: Central London.

Please reply in confidence, quoting Ref R34 to:
Margaret Mitchell FCCA, Grace & Templar,
63 Chiswick High Road, London W4 2LT
Tel 01 994 1742 Fax 01 995 5821

GRACE & TEMPLAR
Financial & Management Recruitment Consultants

Divisional Financial Controller

Consumer Products
West Yorkshire,
c £26,000, Car, Benefits

This acquisitive £100m plus turnover international group manufactures and distributes a quality range of branded, high value consumer products. A wider and more European brief for the UK Financial Director necessitates the recruitment of this key position, which takes responsibility for the day to day accounting function of the UK business. Aged 27-40, the production of management and financial information to strict deadlines, *statutory accounts* and financial systems development will have featured strongly in your career to date. Other pre-requisites are the desire to take a proactive role particularly in the interpretation of financial information and the man management skills to lead the department. This is a challenging position for which the *rewards for success in career terms could be high* in this fast expanding group. Salary is negotiable and will not be a limiting factor and relocation expenses will be paid where appropriate.

K.R. Miller, Ref: L16120/FT. *Male or female candidates should telephone in confidence for a* Personal History Form, 0532-448661, Fax: 0532-444401, Hoggett Bowers plc, *7 Lisbon Square*, LEEDS, *LS1 4LZ.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Appointments Advertising

appears every Wednesday and Thursday, Friday (International Edition)
For further information please call:
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Jennifer Hudson ext 3607
Richard Huggins ext 3460
Adam Futeran ext 3559
Stewart Maddock ext 3392

McLennan Webb Ltd specialises in professional and managerial staff selection and recruitment in East Anglia.

CONFIDENTIALITY GUARANTEED

Finance Director/Company Secretary (Designate)

c£35,000 + profit related bonus + executive car + benefits

Roys of Wroxham, East Anglia's largest independent out of town shopping centre operator, requires a Finance Director/Company Secretary to control all financial and administrative matters for this progressive Company. The position is based in a delightful village on the Norfolk Broads, close to Norwich.

The ideal applicant for this challenging position should be a Chartered Accountant aged between 30 and 45 possessing good communication, motivation and leadership skills and be committed to meeting objectives within deadlines. A high level of management and commercial ability, *preferably within the FMCG retail sector, will need to be demonstrated.*

The successful candidate will be expected to play a major part in steering the Company through the nineties. He/she should have the skills to maintain and develop systems to control the existing business whilst undertaking financial appraisals for future projects.

McLennan Webb Limited
Management and Recruitment Consultancy

McLennan Webb Limited, Woburn Court, 8 Guildhall Hill, Norwich Tel: 0603 761306

HAEMOCELL

Financial Director

Cheshire — c £33,000 + car

Haemocell plc, incorporated in 1988, is poised to exploit a unique range of medical apparatus which provides an alternative to third party blood transfusion. Haemocell's cell separating filter allows the safe filtration of a patient's own blood for immediate reinfusion. This has distinct benefits when compared with conventional methods of blood collection, not least because it reduces the risk of AIDS infection.

The Company seeks a Financial Director whose task will be to assume responsibility for the *whole range* of accounting and financial management tasks and company secretarial duties as well as to play a key role in the development of the business. He or she will probably be over 35 and able to *offer*:

- A recognised accountancy qualification.
- A record of achievement in senior financial management, gained partly in a small company environment.
- Some experience of the medical equipment industry.

In addition to an *attractive salary and benefits package, the position offers a seat on the Board* and the opportunity to contribute to the development of a new business at the leading edge of medical equipment technology.

Write in confidence to John Gregory at JC&P, Brickhill House, 701 South Fifth Street, Milton Keynes MK9 2PR. Demonstrating your relevance clearly and quoting reference 5204/FT

John Courtis & Partners
Search and Selection

HUNGARY

Adviser to the Hungarian Government on Privatisation (2 posts)

As part of the British Government's Know How Fund to Eastern Europe, two Consultants are urgently needed to work for 2 years in the Hungarian Government's State Property Agency. This will be the privatisation agency for Hungary and your responsibilities will include carrying out valuations, organising sales, and advising on the timing and scope of privatisation.

You will report directly to the agency's Managing Director and it is essential that you are independent and have no vested interest in Hungarian privatisation.

Candidates should be British Citizens with considerable experience in the field of privatisation.

A first class remuneration package, reflecting the high level of expertise required, is on offer.

Closing date for receipt of completed applications is 15 March 1990. For further *details and application form, please write to Appointments Officer, Ref No* AH364/DS/FT, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, *or telephone (03552) 41199 ext 3297.*

ODA OVERSEAS DEVELOPMENT

BRITAIN HELPING NATIONS TO HELP THEMSELVES

Oxfordshire Health Authority

DIRECTOR OF FINANCE

Oxfordshire Health Authority is one of the largest health care organisations in the country. Its threefold mission is to improve *service delivery, teaching and research. The Authority has an* annual revenue budget of £150m, a capital programme of £10m p.a., 12,000 employees and an estate valued at £½ bn. There is very close co-operation — and increasing partnership — between the management of the Authority with the Medical School of Oxford University.

The Director of Finance will be a key member of the Executive Board. When new Health Authorities are formed under the government's proposals it is likely that the Director of Finance will also be an executive member of the Authority. The Director will play a vital role in purchasing health care for Oxfordshire's residents, in providing services for a much larger population, and the management and development of teaching and research programmes. The Director will be accountable directly to the General Manager and will carry responsibility for all the Authority's financial affairs.

The reward package includes a salary circa £40,000, plus performance related pay and lease car.

Please write or phone for further details to: Kathy Gardner, PA to General Manager, Oxfordshire Health Authority, Stable Block, Manor House, Headley Way, Headington, Oxford, OX3 9DZ. Tel: (0865) 752149.

Closing date: 23 March 1990.

Oxfordshire Health Authority
AN EQUAL OPPORTUNITY EMPLOYER

NETWORK

ACCOUNTANCY

RECRUITMENT CONSULTANTS

Financial Director Wiltshire

c £40,000 + F/E car + benefits Working within a progressive Group, this manufacturing company is the largest, nationwide, in its field. Driving forward into the 1990's, with further investment, innovation and team work expansion, this dynamic company is seeking to recruit a Financial Director.

Taking overall financial control within the company and supervising a team of twenty, this project related role necessitates excellent financial skills, business acumen and motivation ability.

A chartered accountant with a minimum of eight years PQE preferably gained within a vigorous manufacturing environment. (Ref: SAN 1555)

Financial Planner Oxfordshire

To £27,500 + car + benefits This group of companies is an internationally recognised leader in the sales and distribution of electro-mechanical components.

With a group turnover in the region of £500M they are seeking to fill a Financial Planning position.

The Financial Planner's major tasks comprise: identification of weakness in accounting and financial systems, functional performance evaluation (actual/budget), responsibility accounting, cost benefit analysis and resource allocation.

A qualified accountant with minimum two years industrial experience, it is thought that you will be over the age of 25. (Ref: SAN 1439)

Please contact Catherine Wood BSc in the strictest confidence to discuss these and other vacancies.

ALEXANDER HOUSE
19 FLEMING WAY
SWINDON
WILTSHIRE SN1 2NG
TELEPHONE 0793 619992
FACSIMILE 0793 542554

Financial Controller

Leading Oil & Gas Company

c. £65,000 plus Benefits — London

A large and very active exploration and production company seeks an outstanding individual to manage and develop financial and management reporting functions.

THE COMPANY

◇ Leading operator in the North Sea with an exceptional reputation for speed, quality and financial strength.

◇ Major project recently commenced. Very active exploration programme.

THE POSITION

◇ Manage high quality team in provision of management information to tight deadlines.

◇ Enhance and develop accounting systems to meet future organisational needs.

◇ Manage joint venture operations. International liaison.

QUALIFICATIONS

◇ Outstanding, experienced accountant with high level of technical competence.

◇ Experience of the business and economic realities of the upstream oil and gas industry.

◇ Well developed managerial skills, strong personal presence and commercial acumen.

Please reply in writing, enclosing full cv,
Reference BJ0736
NBS, Bennetts Court, 6 Bennetts Hill,
Birmingham, B2 5ST
(Interviews in London)

S N
BIRMINGHAM • 021-233 4656
LONDON • 01-493 3343 • GLASGOW • 041-204 4334
SLOUGH • 0753 694844 • HONG KONG • (HK) 5 217133

Accounting Projects Director

International Financial Services

c. £45,000 — West Sussex

Key role working with top management in this important financial services subsidiary of major plc. Exceptional career development potential into financial or general management for finance professional with systems bias and strong interpersonal skills.

THE COMPANY

◇ Leading, international financial services group employing in excess of 3,000 people around the world.

◇ Subsidiary of highly regarded and fast develping plc with a turnover in excess of £2.5bn.

◇ Well established, successful global business, substantial profit growth potential.

THE POSITION

◇ High profile role managing and implementing major restructuring strategy worldwide.

◇ Reporting to Finance Director, wide ranging responsibilities including complete accounting systems review.

◇ Exposure to every aspect of the business, liaising with multi-discipline internal management and external advisers.

QUALIFICATIONS

◇ Resouceful graduate accountant with excellent business and communication skills aged 28-38.

◇ Experience of project management gained in a recognised consultancy. Strong systems bias.

◇ Confident, self starting problem solver with drive and initiative.

Please write enclosing full cv, Ref SJ0840
54 Jermyn Street, London, SW1Y 6LX

S N
LONDON • 01-493 3383
BIRMINGHAM • 021-233 4656 • GLASGOW • 041-204 4334
SLOUGH • 0753 694844 • HONG KONG • (HK) 5 217133

Financial Director

Manufacturing and Distribution

Northern England — £30,000+

Our client is a successful and growth-oriented public group. Following a recent reorganisation, they require a Financial Director for a major subsidiary manufacturing and distributing a wide range of high value/high quality industrial materials and products.

The subsidiary, with turnover approaching £20m, is well established and profitable, but requires a high standard of financial control and further systems design and implementation.

Candidates must be qualified accountants with substantial experience in manufacturing industry.

Basic salary will be at least £30,000, plus performance-related bonus, fully-expensed car, and the usual range of benefits associated with a major employer, including relocation assistance where appropriate.

Please write in the first instance with a full cv to Sue Fisher, Personnel Advertising Limited, 30 Farringdon Street, London EC4A 4EA.

PERSONNEL ADVERTISING LIMITED

All replies will be passed to our client unless we are advised of companies to whom you do not wish your cv to be given. Please quote ref. GRS 843.

AUDIT MANAGER

North West base — c£30,000 + car

With 90 plus depots and a turnover of £80M, our client, a major division of a Plc, is a well established market leader in the distribution of industrial components. The company has an excellent profit record and has ambitious plans for further expansion in terms of both product range and geographically, including operations in Continental Europe.

Reporting to the Finance Director, this is a new position offering a challenging opportunity to create and firmly establish a professional internal audit function across the company. Responsibilities will include not only the regular review and appraisal of company systems but also the provision of an in-house consultancy service.

Candidates should be qualified accountants with several years audit experience gained in the profession and, preferably, in a commercial organisation. A sound appreciation of auditing in a computer-based environment is essential together with the interpersonal skills to work at all levels in the company. An ability to conduct business in other European languages would be an advantage.

Remuneration, including bonus, is negotiable around the level indicated and fringe benefits include an executive car, pension scheme and health cover. Prospects for promotion to senior financial line management within the Group are excellent.

Please write in the first instance, enclosing a full cv and salary details and quoting reference AR/179, to: Michael Ward, March Consulting Group, 36-39 Waterfront Quay, Salford Quays, Manchester M5 2XW.

MARCH

March Consulting Group

Manchester Windsor Coventry Edinburgh

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES

Secretary and Chief Executive

(to succeed Mr John Warne on retirement)

The Institute of Chartered Accountants in England and Wales is a major professional institute serving the needs of 90,000 members (12,000 of whom are overseas) both in professional practice and in industry. Annual income is in excess of £20m and the Secretariat employs over 400 people. The Secretary and Chief Executive is responsible to the President and Council for the management of the Institute and for providing appropriate support for the Office Holders and Committee Chairmen.

He (or she) will probably be in their early 50s and will combine strong business and management skills with the sensitivity to fill a role which is both servant and master of the Institute. He will be a good communicator with both the authority and the ability to present complex issues simply, clearly and with conviction to the Council, the membership, and Government. He will have the intellectual weight to understand policy and lobbying issues and the energy and drive to implement change through the co-ordination and support of the Institute's Committees. He will be both comfortable and respected in senior business and government circles.

The salary will fully reflect the importance and seniority of the appointment.

Please write in confidence with a curriculum vitae, to the management consultants advising on the appointment, addressing your application to The Chairman, Spencer Stuart & Associates, Brook House, 113 Park Lane, London W1Y 4HJ.

Finance Director

PLC based in Surrey
£45,000 and Car

An important position within a small management team in a progressive growth-minded public company.

An excellent opportunity for a qualified individual aged 30-45 to participate in all aspects of the group's operations.

Responsibilities include overseeing the group's funding and treasury operations and direct involvement in corporate development in addition to the normal public company requirements.

Please write enclosing a CV to:

Box No. A1369 Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL.

FINANCIAL CONTROLLER

AIRLINE

Luton — c.£25,000 + benefits

Our client is a young company, committed to significant expansion in its business of charter and proposed scheduled air services. The company is developing a European network of operations, and has now reached the level where an experienced financial manager is required.

As Financial Controller, you will be responsible for all aspects of financial management, including the preparation of business plans and budgets, and the monitoring of performance against those plans. You will design and implement reporting procedures based on computerised information systems, and be expected to participate fully in the management of the business.

Applications are invited from qualified accountants with at least two years commercial experience. Candidates should have first-hand experience of computer systems, and be familiar with modern techniques of financial management. Experience of the airline industry is not essential, as training will be available where specialist knowledge is required. More important is the ability to produce and interpret financial information which is relevant to management.

If you believe that you have the qualities necessary to fill this exciting new position, please send a comprehensive career résumé, including salary history and day-time telephone number, to P. R. Lemanski or P. G. Willoughby, Executive Selection Division.

Touche Ross

Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP. Telephone: 0272 211622.

Financial Director Designate

West End — £32,500 + Bonus + Car

Our client is a young, highly successful company whose unique, high quality service has won them an impressive client base.

As a consequence of exciting new developments, the board has identified the need to recruit an ambitious, self-motivated Financial Director designate.

You will be required to control and administer at both a strategic and operational level and will be an active participant in the future business growth. Initially, you will report to the Financial Director until being promoted to the board in 6-12 months.

Ideal candidates for this challenging position will be practical and energetic with strong interpersonal skills and a genuine commitment to business development. Applicants, aged late 20's/early 30's, will be qualified accountants with 3-4 years' post-qualification experience, preferably gained in a creative and competitive environment.

Interested candidates who meet these demanding criteria, should send a detailed CV, including current salary to David Fyles, quoting LM118 at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

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ACCOUNTANT

(Newly qualified/Part-qualified)

is required to assist in the development of a fast-growing Publishing Group

The ability to act on his or her own initiative in the introduction of computerised systems is essential together with the skill to assist in the longer term strategic planning issues.

In short we need a self-starter with good communication abilities to make progress fast and see results.

Central London — Competitive salary and other benefits

Apply: James W Cook FCA
Chief Executive
Threadneedle Publishing & Communications Ltd
14 Soho Square
London W1V 5FB

Accountants Health Warning

Have you got what it takes? This is not for the faint hearted. We are a very busy and rapidly growing marketing services group looking for a qulaified person with enough ambition to find personal success by taking us profitably into the 90's.

Position : Group Financial Manager
Based : Chertsey, Surrey
Salary : Attractive salary package inc. bonus

Apply by c.v. to: Miss J Crocker, Advertising & Marketing Associates Ltd
Patterson House, Gogmore Lane, Chertsey, Surrey KT16 9AP

F.C.C.A,

20 years in Africa, EEC, World Bank and other donor funded development programmes plus commercial organisation. Project management, planning, negotiations. Location immaterial as long as challenging situation with commensurate rewards. Available now for short or long-term assignments.

Write Box A1483, Financial Times, One Southwark Bridge, London SE1 9HL

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination 2 held in December 1989

List of Successful Candidates

A

Abbott N. S. (Finnie & Co.), Reading
Abbotts J. L. (Touche Ross & Co.), Manchester
Abery D. G. (Coopers & Lybrand Deloitte), Jersey, Channel Islands
Abeysekera A. (KPMG Peat Marwick McLintock), London
Adams R. J. (Grant Thornton), Wellingborough, Northants
Adamson M. D. (Spicer & Oppenheim), Newcastle upon Tyne
Adelekan A. (BDO Binder Hamlyn), London
Affarka A. N. (Fraser & Russell), London
Agar C. F. (KPMG Peat Marwick McLintock), London
Agar C. R. (Hodgson Impey), Hull
Agboola A. (Stoy Hayward), London
Ahkiae S. S. H. (Coopers & Lybrand Deloitte), London
Ahmad Y. Z. (KPMG Peat Marwick McLintock), London
Aitken D. A. (Ernst & Young), Newcastle upon Tyne
Akdeniz A. (Price Waterhouse), London
Al-Khalili N. S. (KPMG Peat Marwick McLintock), London
Alden R. D. (Touche Ross & Co.), London
Aldridge A. (Price Waterhouse), London
Alexander D. J. (Longcrofts), London
Alford S. W. (Hugill & Co), London
Allen N. J. (Price Waterhouse), London
Allen N. J. (KPMG Peat Marwick McLintock), Milton Keynes
Allen P. M. (Coopers & Lybrand Deloitte), Croydon
Allen R. P. J. (Coopers & Lybrand Deloitte), London
Allen T. A. (Grant Thornton), Leeds
Allman A. J. (Touche Ross & Co.), Birmingham
Allon-Smith M. J. (KPMG Peat Marwick McLintock), London
Allshire A. W. (BDO Binder Hamlyn), London
Allsop A. (Cooper-Parry, Watson, Sowter & Co), Derby
Alsop M. (Josolyne & Co), Macclesfield, Cheshire
Amarsi S. (Barsham, Bradford & Hamilton), London
Amin R. (Glazers McIlwee), Ruislip, Middx
Amos D. S. (Arthur Andersen & Co), Birmingham
Anderson J. A. (KPMG Peat Marwick McLintock), London
Anderson K. M. (Coopers & Lybrand Deloitte), London
Anderson M. J. (Day, Smith & Hunter), Maidstone, Kent
Anderson P. J. R. (Arthur Andersen & Co), London
Anderson S. (Arthur Andersen & Co), London
Anderson S. C. F. (Dixon Wilson), London
Andreadou D. (Ernst & Young), Manchester
Andrew G. P. (Coopers & Lybrand Deloitte), London
Andrews H. C. (Grant Thornton), London
Andrews R. M. (Rayner Essex), St. Albans, Herts
Appell S. J. (Arthur Andersen & Co), London
Archer C. J. (Ernst & Young), London
Armsby A. J. (Hacker Young), London
Arndt A. J. (Price Waterhouse), London
Arnold A. R. (KPMG Peat Marwick McLintock), London
Arnold M. J. (Robson Rhodes), Leeds
Arnott N. M. (Ernst & Young), London
Arthur J. R. (Reeves & Neylan), Canterbury, Kent
Ashby N. J. (Fraser & Russell), Watford
Ashfield H. R. (KPMG Peat Marwick McLintock), Guildford, Surrey
Ashforth J. G. I. (KPMG Peat Marwick McLintock), London
Ashley S. (KPMG Peat Marwick McLintock), Birmingham
Ashworth C. N. (Ernst & Young), Manchester
Ashworth D. (Spicer & Oppenheim), Manchester
Ashworth J. R. (Coopers & Lybrand Deloitte), [illegible]

[illegible]

Hutchinson R. K. (Grant Thornton), Warrington
Hyland S. L. (Brewers), Guildford, Surrey

I

Iles S. D. (Kimberley, Morrison, Moore & Co), Birmingham
Imms M. I. (Morris Owen & Co), Swindon
Inchcombe S. C. (Price Waterhouse), London
Ingram D. M. (Moore & Smalley), Preston
Ioannou G. (Spicer & Oppenheim), London
Ip E. Y. K. (Coopers & Lybrand Deloitte), London
Irving D. M. (Touche Ross & Co.), London
Iveson K. M. (BDO Binder Hamlyn), London

J

Jaccarini E. A. (Brebner, Allen & Trapp), London
Jackson H. (KPMG Peat Marwick McLintock), Plymouth
Jackson K. J. (KPMG Peat Marwick McLintock), Preston
Jackson M. (Ernst & Young), London
Jackson M. (Place Partners), East Grinstead, W.Sussex
Jackson M. I. (John Fairhurst & Co.), Wigan, Lancs
Jackson S. P. (KPMG Peat Marwick McLintock), Congleton, Cheshire
Jacobs I. G. (MacIntyre Hudson), London
Jagus M. A. (Solomon Hare), Bristol
James A. C. (Spicer & Oppenheim), Manchester
James B. C. (Coopers & Lybrand Deloitte), London
James M. D. (Price Waterhouse), London
James N. C. (Gordon Wood, Scott & Partners), Bristol
Jamieson R. N. (Bourner Bullock), London
Jaques R. C. (Peat Marwick McLintock), Douglas, Isle of Man
Jarvie M. (Ernst & Young), London
Jarvis C. (Coopers & Lybrand Deloitte), Leeds
Jefferson M. C. (Saint & Co.), Carlisle
Jefferys S. L. (Ernst & Young), London
Jenkins I. S. (Spicer & Oppenheim), London
Jenkins J. S. (Price Waterhouse), Leicester
Jenkins M. J. (Ernst & Young), Birmingham
Jenkins R. J. (KPMG Peat Marwick McLintock), [illegible]

[illegible]

Results are continued on following page

GERMAN SPEAKING ACCOUNTANT
CORPORATE HQ, ST GALLEN, SWITZERLAND

Cambridge Instruments, a public company listed on The International Stock Exchange, plans to merge with Wild Leitz, a Swiss German group of companies. As Leica plc, they will form the world's largest manufacturer of optical microscopes. Other products include surveying instruments and the famous Leica camera. The merger is currently awaiting formal approval in the United States.

The position will be based in the new Corporate Headquarters in the historic university city of St Gallen, Switzerland.

THE ROLE

- consolidation and production of group accounts;
- analysis and commentary on results;
- identification of trends and financial issues to senior management;
- involvement in the internal reviews of business and accounting practices throughout the group;
- provision of professional advice on accounting practices.

THE PERSON

- recently qualified CA;
- knowledge of UK GAAP with some knowledge of US GAAP;
- experience of consolidation of multinational accounts;
- demonstrated technical proficiency and knowledge;
- background in a major accounting firm.

The remuneration package and re-location provisions are highly competitive and reflect the importance of the position. Please send a detailed CV to:
Trevor Fawcett, Group Personnel Director, The Cambridge Instrument Company plc, Viking Way, Bar Hill, Cambridge, CB3 8EL. TEL: 0954 782020.

Cambridge Instruments
GROWTH THROUGH EXCELLENCE

NEWLY QUALIFIED ACA
EXECUTIVE ASSISTANT TO DIRECTOR – COMPANY ADMINISTRATION

c. £25,000 + early review + excellent benefits

Sumitomo Finance International (SFI), the principal capital markets subsidiary of The Sumitomo Bank, Limited, one of the world's largest banks, is a broadly based securities house active in all sectors of the international capital markets including swaps, futures, options and other derivative products.

As part of its continuing expansion a rare opportunity has arisen for a young Accountant keen to join the world of investment banking in an entirely non-routine position. As assistant to the Executive Director responsible for Corporate Administration, *Compliance, Personnel and Accounting he/she* will become involved in a wide range of ad hoc duties with the principal focus in the field of Company Administration embracing legal, property, personal and corporate taxation, corporate promotion and statutory matters.

The role will not involve any day-to-day accounting work other than to assist the Director in overseeing the sizeable Accounts Department. Good drafting, investigative and liaison skills are essential as is the ability to represent the Director at meetings. Future prospects could include either a move into a "line" accounting or compliance role at Assistant Manager level or a longer term position within Company Administration which is likely to develop as a department in its own right.

Applicants should be Big '8' Qualified Chartered Accountants with good recent experience of taxation, ideally with a degree in Economics or Law, keen to build a career in international finance. In addition to *a competitive salary the comprehensive benefits* package includes a mortgage subsidy, private health insurance, sports club scheme, etc.

Please write to Mr J. M. Graham, Executive Director at Sumitomo Finance International, 107 Cheapside, London EC2V 6DT enclosing a comprehensive CV.

Sumitomo Finance International

Fixed Income Accountant

£24,000 + Car + Banking Benefits

This major US Investment House with offices based around the world is seeking to strengthen its Fixed Income Team through the addition of a top calibre, young, Qualified Chartered Accountant. Reporting to a Senior Manager your task will be to provide London and New York with comprehensive information on the performance of London trading activities. As part of a dynamic team you will have considerable exposure to:

- Eurobonds, money market instruments and fixed income derivatives
- Risk Management through hedging instruments
- Front office and senior management liaison
- Continued enhancement of management information systems

In addition to the ACA qualification, gained through a Big 8 firm, the successful candidate will have a sound academic record together with proven analytical and communication skills. This is an excellent opportunity for a young, career orientated individual to work in a pressurised environment and develop within one of the most respected and recognised forces in the City.

For further information please telephone or send your CV to Valerie Grassham or Tony Leggett at Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel: 01-588 7287. Fax: 01-382 9417.

JOSLIN ROWE ACCOUNTANCY

START A GREAT CITY CAREER

Substantial income and capital gain for 23-35 year olds considering a career move within or into the financial world.

For detailed information, call Ian Jamieson on 01-929 0906 (City Office)

M.I. Group

OPPORTUNITIES IN HERTFORDSHIRE

I am in touch with a number of the small and medium sized independent firms in Hertfordshire and outer North London who are seeking well qualified professional staff, particularly at the newly qualified level.

If opportunities in this region interest you please send a CV and I guarantee to invite you to an initial confidential meeting to discuss possibilities.

Please write to me, Douglas G Mizon FCA, FIMC, quoting Ref FT46, at Arlingham House, St Albans Road, South Mimms, Herts EN6 3PH.

MIZON CHARTERED ACCOUNTANCY (A DIVISION OF MIZON EXECUTIVE)

CORPORATE FINANCE
FOUR NEWLY QUALIFIED ACCOUNTANTS
c£28–33,000

We are currently recruiting for a major Merchant Bank who are seeking to appoint several young ACA's to work in the following departments:

• UK domestic Corporate Finance • European M & A
• Structured Finance (MBO/MBI) • Venture/Development Capital

In the first instance please contact: David V. Paton who is acting as an advisor on these appointments at:

Hynes Associates Limited
Specialists in Corporate Finance Recruitment

International Business Centre
77-79 Wells Street, London W1P 3RE
Tel: 01-580 5522, Fax: 01-323 1107

Mirror Group Newspapers

PROJECT ACCOUNTANT

LONDON BASED **SALARY £27,000 plus benefits**

Mirror Group Newspapers and its associate Companies have interests beyond the Daily Mirror including helicopter operations, a software house and other printing and publishing activities.

A unique opportunity has arisen for a talented Project Accountant to participate in a non routine and non auditing role having regular contact with senior management.

Responsibilities will be varied but will include for example:

★ Preparation of accounts for possible flotation.
★ Appraisal of potential acquisitions and various existing group business operations.
★ Deputising for the Group Accountant in preparing consolidated financial reports and handling Group cash management.
★ Preparation of financial plans for various Group activities.

Ideally aged 25-30, you will be a recently qualified ACA, having worked in a large professional practice and are looking for a challenging and demanding career in a fast moving commercial environment.

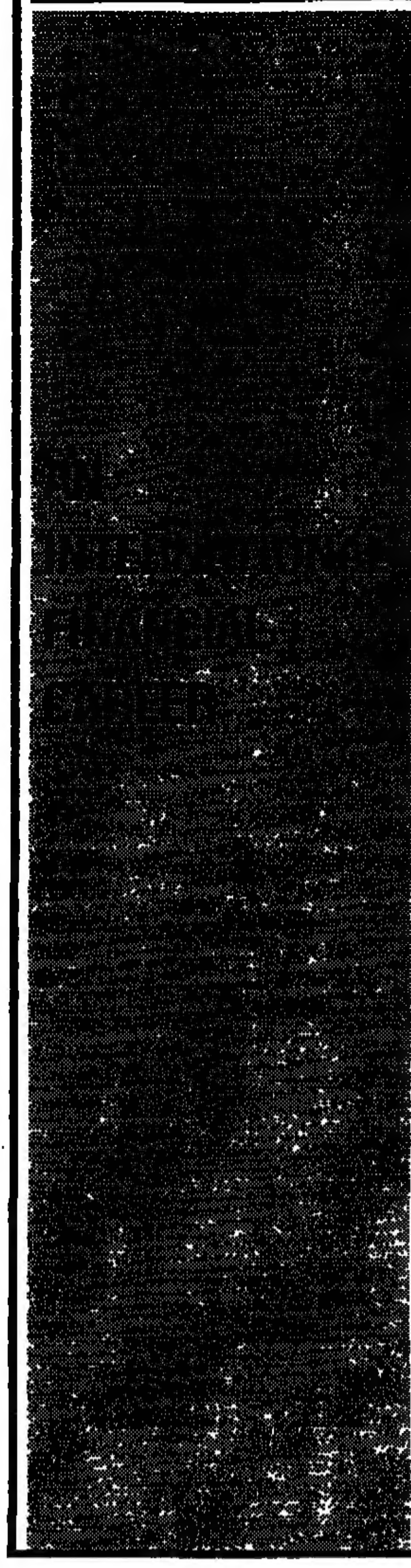
We are seeking to attract candidates of the highest calibre with the potential to succeed in a dynamic environment which will provide excellent experience with the potential of further career opportunities occuring within the Maxwell Group.

This appointment offers a salary circa £27,000 together with a benefits package commensurate with a Company of international stature.

If you believe you have the qualifications and experience necessary please apply by sending a complete CV together with salary details to:

Pauline Donnelly
Recruitment Officer
Human Resources Department
Mirror Group Newspapers
Holborn Circus, London EC1P 1DQ

Schlumberger



■ **A leader in Oilfield Services, Schlumberger operates in more than 100 countries worldwide with over 90 nationalities among its 50,000 employees. The company is involved in the majority of services that oil companies require for petroleum exploration, development and production.**

Candidates should be self-starters, have demonstrated a history of achievement, and be internationally mobile and adaptable. Good communication skills and the ability to work within a team are essential.

Educational background should include a good degree and preferably a further professional qualification in finance. Knowledge of a second language is desirable.

Successful candidates entering the Schlumberger financial organisation normally spend their first assignment in the audit department of one of the operating companies or as part of the financial team at a region or corporate management level. These positions give individuals the opportunity to demonstrate their abilities while developing the necessary business skills which allow them to take up an operational assignment in one of the group companies abroad.

Internal Audit

Based in either London or Paris you will join a small, dynamic team of young auditors involved primarily in financial audit for one of the operating companies. International travel is extensive.

This high profile position will allow you to quickly develop your understanding of Schlumberger and our business.

Chief Accountant

With a small team of management accountants you will be responsible for the management accounting for a large geographic region. Reporting to the Financial Controller for the region, you will be based in London with extensive travel within Europe.

This key management position is an opportunity to become immediately involved in the company's operations.

If you wish to give an international dimension to your career and feel you have the potential to succeed in a truly international group such as Schlumberger, please contact **Liam Dowds**, enclosing your CV at

Michael Page Finance,
39-41 Parker Street,
London WC2B 5LH,
or telephone 01-831 2000,
fax 01-831 2612.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Financial Accountant

Telecommunications c.£25,000 + Benefits

M4 Based

Our client is the Head Office of a fast growing, international Group who are quoted on both the UK and US Stock Exchanges. The Group Chief Accountant's Department is responsible for providing the Board of Directors with consolidated financial information of the ten main companies in the Group.

To fulfil this high profile position you will be:

★ ACA qualified; technically strong.
★ Mid to late 20's; confident, enthusiastic, with the personality to fit into this fast moving environment.
★ Familiar with computer systems and spreadsheets.

Part of a small team reporting to the Group Chief Accountant, you will be involved in collecting information from Group companies and preparing consolidated accounts for management. Liaising with senior executives, you will be responsible for analysing trends and variances, and preparing cash flows, forecasts and budgets for the Group.

In addition to an attractive salary and a range of benefits, this position will allow you to develop your career with one of the most rapidly expanding communication companies.

To make an immediate application call Sue Kelly on LINKline 0800 269702 (weekdays 9.00 am-5.30 pm, Thursdays until 7.00 pm), or send your cv to Terry Bryant, LINK Management Selection, Link House, 5 Queen Square, Bristol BS1 4JQ.

LINK

MANAGER – REGULATORY REPORTING
LEADING INTERNATIONAL SECURITIES HOUSE

London SW1 **Package c£35,000 + Benefits**

A unique opportunity has arisen for a young accountant to manage the financial regulatory reporting of one of the world's leading international securities houses.

Reporting to the Chief Accountant, this role will involve responsibility for all aspects of regulatory reporting, particularly TSA, as well as participation in various aspects of financial control.

Good communication skills and some computer systems literacy are essential. Experience of working in a multicultural environment would also be advantageous.

Applications are invited from recently qualified or part qualified ACA/ACCA's, who have gained sound knowledge and practical experience of TSA regulatory reporting.

The package offered includes a negotiable basic salary, mortgage subsidy and a significant performance related bonus. Our client's commitment to career development will provide the successful applicant with exceptional opportunities for future advancement.

For an initial discussion, please call Chris Evans on 01-437 0464 or write enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

CONTINUED

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination 2 held in December 1989

List of Successful Candidates

Leece C. A. (Hodgson Impey), Liverpool
Lees A. J. (Elliott, Templeton Sankey), Manchester
Lees C. (Kidsons), Birmingham
Lees J. F. (Touche Ross & Co.), London
Leggett J. S. (Coopers & Lybrand Deloitte), Southampton
Leggott W. M. (Stoy Hayward), London
Leigh J. A. (Arthur Andersen & Co), London
Leigh R. S. (Price Waterhouse), Manchester
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Levene S. (Price Waterhouse), London
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Little F. M. (Armstrong Watson & Co), Carlisle
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Morgan P. C. J. (Price Waterhouse), Southampton
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Morgan W. E. (Fraser & Russell), Watford
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Morland G. (Brewers), London
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Morris P. A. (Kidsons), Manchester
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Moss T. D. (Moores Rowland), London
Mouldale R. A. (Moore & Smalley), Preston
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Mudie A. L. S. (KPMG Peat Marwick McLintock), Poole, Dorset
Muggleston S. R. (Thomas May & Co), Leicester
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Mullett S. R. (Ensors), Bury St.Edmunds, Suffolk
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Munn N. A. (KPMG Peat Marwick McLintock), Bristol
Munns D. H. (KPMG Peat Marwick McLintock), London
Munro R. K. C. (Price Waterhouse), London
Murfin B. E. (Brewers), Guildford, Surrey
Murphy J. (John W. Hinks & Co), Warley, W. Midlands
Murphy K. A. (Touche Ross & Co.), Birmingham
Murphy M. J. A. (KPMG Peat Marwick McLintock), London
Murphy P. G. (KPMG Peat Marwick McLintock), Leicester
Murphy S. M. (Arthur Andersen & Co), London
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Murray D. A. (Ernst & Young), London
Murray S. O. (Coopers & Lybrand Deloitte), Birmingham
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Myers H. L. (Price Waterhouse), Bristol
Myerscough H. J. (KPMG Peat Marwick McLintock), London
Myszka R. J. (Kidsons), London

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Nelson R. A. (Pannell Kerr Forster), Leicester
Nelson Y. (KPMG Peat Marwick McLintock), Maidstone, Kent
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Newman P. S. (Casson Beckman), London
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Newton M. (Donnelly Hamilton Brent), Gosport, Hants
Newton P. (Robson Rhodes), London
Newton S. J. (KPMG Peat Marwick McLintock), London
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Ng S. S. L. (Touche Ross & Co.), London
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Nutton M. D. (Scrutton, Goodchild & Sanderson), Ipswich

O

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Plowman B. (Fraser & Russell), Chelmsford
Plowman D. (KPMG Peat Marwick McLintock), Cambridge
Plows R. M. (KPMG Peat Marwick McLintock), Leeds
Plumbly A. G. (Spicer & Oppenheim), London
Pomfret P. J. (KPMG Peat Marwick McLintock), Ipswich
Pond R. C. (Hays Allan), Canterbury, Kent
Portelli M. A. (Arthur Andersen & Co), London
Posner R. M. (Grant Thornton), London
Potamitis R. (H.W. Fisher & Co), London
Pottage J. F. (Coopers & Lybrand Deloitte), London
Potter I. D. (Arthur Andersen & Co), Birmingham
Potts L. D. (Coopers & Lybrand Deloitte), Liverpool
Powell A. G. (Ernst & Young), London
Powell C. D. (Arthur Andersen & Co), Leeds
Powell C. G. (KPMG Peat Marwick McLintock), Birmingham
Powell D. A. (KPMG Peat Marwick McLintock), London
Powell R. J. (Coopers & Lybrand Deloitte), Uxbridge, Middx
Power E. C. (Honey, Barrett & Co), Eastbourne, E.Sussex
Prentice J. M. (Ernst & Young), London
Presswood S. (Ernst & Young), Cardiff
Price D. J. C. (Ball Baker Leake), London
Price D. W. (Coopers & Lybrand Deloitte), Gloucester
Price N. J. (KPMG Peat Marwick McLintock), London
Price S. R. W. (Coopers & Lybrand Deloitte), Gloucester
Price T. W. P. (KPMG Peat Marwick McLintock), Bristol
Priestley J. A. (Price Waterhouse), London
Procter I. D. (Grant Thornton), Manchester
Procter M. (Hays Allan), London
Pugh L. (KPMG Peat Marwick McLintock), Birmingham
Purvey S. J. (Kidsons), Hove, E.Sussex

Q

Queen S. (Arthur Andersen & Co), Glasgow
Quiery M. F. (KPMG Peat Marwick McLintock), Cardiff
Quinn J. P. (Morison Stoneham), London
Quirk M. A. (Gruber Levinson Franks), Liverpool

R

Rabinowitz D. P. (Arthur Andersen & Co), Manchester
Rachman M. G. L. (Touche Ross & Co.), London
Radford D. C. (Saffery Champness), London
Rafferty M. G. (Price Waterhouse), Windsor, Berks
Raithatha M. K. (H.W. Fisher & Co), London
Ramm A. T. (Stephenson, Smart & Co), Peterborough
Ramm J. (Ernst & Young), Manchester
Ramsden J. E. (Arthur Andersen & Co), London
Ranchhod D. M. (Maurice Apple), London
Rand A. S. (Baker Tilly), London
Rann J. M. (Edward Leask), Portsmouth
Ransley P. (Touche Ross & Co.), London
Ranson T. E. (Hays Allan), London
Rash C. J. R. (Coopers & Lybrand Deloitte), London
Rattigan Y. (Milne Ross), London
Rattray A. (Arthur Andersen & Co), Manchester
Rayment J. N. (Pannell Kerr Forster), London
Rayson N. P. (KPMG Peat Marwick McLintock), Birmingham
Reader J. A. (Price & Company), Eastbourne, E.Sussex
Reay D. M. (Armstrong Watson & Co), Carlisle
Reay M. C. (Pannell Kerr Forster), Nottingham
Redfern M. H. (Ernst & Young), Nottingham
Redgment C. (KPMG Peat Marwick McLintock), London
Redlich S. J. (Ernst & Young), London
Redmond D. (BDO Binder Hamlyn), London
Reed N. E. (Coopers & Lybrand Deloitte), Leeds
Reeder A. (Baker Tilly), Manchester
Regan L. E. (Arthur Andersen & Co), London
Reid C. M. H. (Coopers & Lybrand Deloitte), London
Reid S. R. (Leigh Carr), London
Reidy J. S. (Arthur Andersen & Co), Birmingham
Reilly D. J. (Baker Tilly), London
Reilly P. A. (Cooper Lancaster), Bolton
Reilly W. M. (Pannell Kerr Forster), Guildford, Surrey
Remedios Y. I. J. (Stoy Hayward), London
Rennie K. M. (Clark Whitehill), London
Reynolds A. S. (KPMG Peat Marwick McLintock), Southampton
Reynolds G. (Larking Gowen), Norwich
Rhind F. J. (Coopers & Lybrand Deloitte), London
Richards D. J. (Pearson May & Co), Bath
Richards I. D. (KPMG Peat Marwick McLintock), Birmingham
Richards M. J. R. (Coopers & Lybrand Deloitte), Manchester
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Richardson M. (Grant Thornton), London
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Ridgewell N. J. (Menzies), Walton-on-Thames, Surrey
Rigby R. P. (Coopers & Lybrand Deloitte), London
Riggs H. M. (Price Waterhouse), London
Riley D. S. (Ernst & Young), Leeds
Riley S. J. T. (Coopers & Lybrand Deloitte), London
Rinkoff I. R. (Arthur Andersen & Co), London
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Ritchie W. J. (Arthur Andersen & Co), London
Rix J. (Robson Rhodes), Leeds
Rix S. (Coopers & Lybrand Deloitte), Southampton
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Robbins P. (Ackhurst Bunker), Bristol
Robbins P. J. (Arthur Andersen & Co), Nottingham
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Roberts A. M. (Keelings), London
Roberts C. (Ernst & Young), Manchester
Roberts D. J. (Blick Rothenberg), London
Roberts R. A. (BDO Binder Hamlyn), Manchester
Roberts S. J. (Duncan Sheard Glass), Liverpool
Roberts W. M. (Ernst & Young), Manchester
Robertson D. I. (KPMG Peat Marwick McLintock), Birmingham
Robertson E. C. (KPMG Peat Marwick McLintock), London
Robins T. M. (Conway & Co), Chester
Robinson G. J. (Arthur Andersen & Co), London
Robinson G. M. (KPMG Peat Marwick McLintock), Southampton
Robinson H. (KPMG Peat Marwick McLintock), Guildford, Surrey
Robinson J. (BDO Binder Hamlyn), Bury St.Edmunds, Suffolk
Robinson M. (Coopers & Lybrand Deloitte), London
Robinson S. C. (Ernst & Young), London
Robotham P. S. (Coopers & Lybrand Deloitte), Manchester
Robson D. A. (Coopers & Lybrand Deloitte), Birmingham
Robson I. C. (Casson Beckman), London
Robson P. M. (Jackson, Robson & Co), Driffield, N.Humberside
Rocker A. M. (KPMG Peat Marwick McLintock), London
Rockett A. L. (Ernst & Young), London
Rodick C. L. (Dolby, Holt & Co), Liverpool
Rogers B. J. (Hilton, Sharp & Clarke), Brighton, E.Sussex
Rogers C. J. (Spicer & Oppenheim), Nottingham
Rogers C. M. (Price Waterhouse), London
Rogers H. J. (Rawlinson and Hunter), London
Rollins J. S. (Spicer & Oppenheim), Manchester
Rooker M. L. (Price Waterhouse), Windsor, Berks
Rooney K. D. (Jennings Johnson), Sunderland
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Roote J. A. (KPMG Peat Marwick McLintock), Southampton
Roper I. (Beer Aplin), Exeter
Rose H. C. (Coopers & Lybrand Deloitte), London
Rosen P. J. (Lubbock Fine), London
Ross J. C. (Stoy Hayward), London
Ross W. T. (Brett, Jenkins & Partners), Berkhamsted, Herts
Rosser C. R. (Ernst & Young), Cardiff
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Rothwell P. J. (KPMG Peat Marwick McLintock), Bristol
Rothwell R. E. (John Gordon, Walton & Co), Leeds
Rothwell R. F. (Arthur Andersen & Co), London
Rothwell S. C. (Grant Thornton), Leeds
Roundell I. J. (Spicer & Oppenheim), Southampton
Rouse N. C. M. (Price Waterhouse), London
Rowlands M. G. (Dixon Wilson), London
Rowley K. A. (Hodgson Impey), London
Rowlinson C. M. (Arthur Andersen & Co), Birmingham
Roy B. (Price Waterhouse), London
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Rush L. (Larking Gowen), Norwich
Rushton-Turner J. M. (Coopers & Lybrand Deloitte), London
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Ryman H. J. (Hodgson Impey), Liverpool

S

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Salami A. R. (Bertram Lerner), London
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Salim S. (Blease Lloyd), London
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Scholler S. V. (Littlejohn Frazer), London
Schur M. (Richard Anthony & Co), London
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Scott I. A. (H.W. Fisher & Co), London
Scott J. E. (Coopers & Lybrand Deloitte), Manchester
Scott J. P. (Morgan, Brown & Haynes), London
Scott M. D. (Ernst & Young), London
Scott P. M. (BDO Binder Hamlyn), Croydon
Scrafton S. (KPMG Peat Marwick McLintock), Middlesbrough, Clevelan
Scriven J. M. R. (Edward Denton & Son), Liverpool
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Seccombe J. P. (KPMG Peat Marwick McLintock), London
Seddon M. J. (Spicer & Oppenheim), Manchester
Seed P. D. (Touche Ross & Co.), London
Selvey P. (KPMG Peat Marwick McLintock), Derby
Selwood G. E. (Richardson Dawson Husband), Thame, Oxon
Seth C. E. (Blick Rothenberg), London
Sewell D. N. (F.W. Stephens & Co.), London
Sewell R. P. (BDO Binder Hamlyn), Manchester
Shah A. (Price Waterhouse), London
Shah A. (Citroen, Wells), London
Shah B. D. (KPMG Peat Marwick McLintock), London
Shah M. (Price Waterhouse), London
Shah R. K. (KPMG Peat Marwick McLintock), London
Shah S. (Stoy Hayward), London
Shah T. H. (Price Waterhouse), St. Albans, Herts
Shariff S. (KPMG Peat Marwick McLintock), London
Sharma V. (KPMG Peat Marwick McLintock), Maidstone, Kent
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Sharp C. P. (BDO Binder Hamlyn), Croydon
Sharp D. A. (Sproull & Co), Harrow, Middx
Sharpe I. M. (Berkeley Jackson), Shepton Mallet, Somerset
Sharpe J. E. (Spicer & Oppenheim), London
Sharples L. A. (Spicer & Oppenheim), Manchester
Shaul J. (KPMG Peat Marwick McLintock), London
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Sheppy T. J. (Coopers & Lybrand Deloitte), Gloucester
Sheridan S. L. (Coopers & Lybrand Deloitte), Reading
Short D. L. (Grant Thornton), Worthing, W.Sussex
Siaw A. Y. (Ernst & Young), London
Siford N. E. (BDO Binder Hamlyn), London
Sills M. T. (Arthur Andersen & Co), London
Silvey S. J. (Bird Luckin), Chelmsford
Sim B. K. M. (Clement Keys & Co), Birmingham
Sim K. J. (Leigh Carr), London
Simmons J. N. (Coopers & Lybrand Deloitte), Plymouth
Simons M. J. (KPMG Peat Marwick McLintock), Southampton
Simon S. (Citroen, Wells), London
Simpson A. G. (Thomas May & Co), Leicester
Simpson D. A. (Gilberts), St. Albans, Herts
Simpson K. L. (KPMG Peat Marwick McLintock), Newcastle upon Tyne
Sims A. B. (Price Waterhouse), Birmingham
Sims G. D. (KPMG Peat Marwick McLintock), London
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Sinclair J. (Bright Grahame Murray), London
Singh S. (Pannell Kerr Forster), London
Skaliotis L. (KPMG Peat Marwick McLintock), London
Skedd A. J. (Robson Taylor), Bristol
Slade N. J. K. (Hacker Young), London
Sleeman J. M. (Coopers & Lybrand Deloitte), Cambridge
Slorach L. (Coopers & Lybrand Deloitte), London
Small G. W. (Wilson, de Zouche & Mackenzie), Liverpool
Smaller A. M. (Price Waterhouse), London
Smart M. J. (Grundy, Anderson & Kershaw), Oldham
Smeeton A. L. (KPMG Peat Marwick McLintock), London
Smith A. A. (Sheen Stickland), Farnham, Surrey
Smith A. H. (Bland Fielden), Colchester
Smith A. J. (Lovewell Blake), Norwich
Smith A. N. (KPMG Peat Marwick McLintock), London
Smith C. I. C. (Coopers & Lybrand Deloitte), London
Smith C. M. (Bullimores), Redhill
Smith D. A. (Touche Ross & Co.), London
Smith D. A. H. (KPMG Peat Marwick McLintock), Norwich
Smith D. J. (Lubbock Fine), London
Smith D. J. (M.J. Ventham & Co), Hockley, Essex
Smith E. B. (Coopers & Lybrand Deloitte), London
Smith G. G. (Price Waterhouse), Leeds
Smith I. F. (Ernst & Young), Manchester
Smith I. S. (Stoy Hayward), London
Smith J. S. (Arthur Andersen & Co), London
Smith J. T. (KPMG Peat Marwick McLintock), Birmingham
Smith J. W. (Pridie Brewster), London
Smith K. E. (Myrus Smith & Co.), Sutton, Surrey
Smith K. M. (Price Waterhouse), London
Smith L. M. (Longcrofts), London
Smith M. R. (Coopers & Lybrand Deloitte), London
Smith N. M. (Edwin Smith), Reading
Smith P. J. (BDO Binder Hamlyn), London
Smith S. (Coopers & Lybrand Deloitte), Norwich
Smith S. A. (Grant Thornton), Leeds
Smith S. C. (Touche Ross & Co.), London
Smith S. C. (Hodgson Impey), Liverpool
Smithers N. J. (Arthur Andersen & Co), London
Smoley D. M. (Ernst & Young), Leeds
Smolinski P. (Ernst & Young), London
Smythe A. K. (Blakemores), London
Snell D. C. (Price Waterhouse), Birmingham
Snook S. R. (Coopers & Lybrand Deloitte), London
Soane A. P. (BDO Binder Hamlyn), London
Somers C. (Ernst & Young), London
Somers S. J. (KPMG Peat Marwick McLintock), London
Somerton J. G. J. (KPMG Peat Marwick McLintock), London
Soper J. S. (Arthur Andersen & Co), Reading
Sorley C. M. G. (BDO Binder Hamlyn), London
Southall P. E. (BDO Binder Hamlyn), London
Spanoudakis C. J. (MacIntyre Hudson), Milton Keynes
Spark C. D. (Arthur Andersen & Co), London
Sparkes P. A. (MacIntyre Hudson), Milton Keynes
Speakett M. G. (Acklands Bunker), Bristol
Spawton D. J. H. (Spicer & Oppenheim), Bournemouth, Dorset
Spence M. A. E. (KPMG Peat Marwick McLintock), London
Spence S. M. (Ernst & Young), Leeds
Spencer C. N. (Price Waterhouse), London
Spencer P. S. (KPMG Peat Marwick McLintock), Nottingham
Spooner A. (Grant Thornton), Birmingham
Sporborg W. H. (Price Waterhouse), London
Spyrides S. (Touche Ross & Co.), London
Stables C. A. (Touche Ross & Co.), London
Stacey S. N. (Coopers & Lybrand Deloitte), Bristol
Stafford I. N. (Armitage & Norton), Leeds
Staniszewski A. A. (Moores Rowland), Croydon
Stanworth M. (KPMG Peat Marwick McLintock), Birmingham
Staples R. H. (Coopers & Lybrand Deloitte), London
Stark J. A. (Touche Ross & Co.), London
Stead A. J. (Ernst & Young), London
Steel A. J. (Ernst & Young), London
Steel A. K. (BDO Binder Hamlyn), London
Steen A. F. (Moores Rowland), London
Stephens-Homersley M. (Allwood Baird), Chester
Stephenson J. S. E. (KPMG Peat Marwick McLintock), London
Stevenson G. (Grant Thornton), London
Stevenson M. F. (Arthur Andersen & Co), London
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Stewart N. (BDO Binder Hamlyn), Newcastle upon Tyne
Stewart P. N. (BDO Binder Hamlyn), London
Stidwell C. A. (KPMG Peat Marwick McLintock), London
Stimpson J. G. (Hazlewoods), Cheltenham, Glos.
Stirling C. R. (KPMG Peat Marwick McLintock), Leeds
Stobbart A. G. (Blakemores), London
Stokes M. B. (Spicer & Oppenheim), Birmingham
Stone D. J. (Cooper Lancaster), London
Stone J. C. (Coopers & Lybrand Deloitte), Birmingham
Storey J. C. (Blick Rothenberg), London
Stott P. (Ernst & Young), Manchester
Stott R. J. (KPMG Peat Marwick McLintock), London
Strachan D. A. (Stoy Hayward), London
Stratton S. J. (Coopers & Lybrand Deloitte), Norwich
Straw T. J. (Robson Rhodes), London
Strike D. J. (Haines Watts), Slough
Stuart M. D. (Solomon Hare), Bristol
Stuart-Smith M. N. (Coopers & Lybrand Deloitte), London
Stunt J. R. W. H. (Coopers & Lybrand Deloitte), London
Styles C. J. (Larking Gowen), Norwich
Sumner P. G. (Pannell Kerr Forster), Liverpool
Surguy M. R. (KPMG Peat Marwick McLintock), London
Suter C. M. (Price Waterhouse), London
Sutton B. (Coopers & Lybrand Deloitte), London
Swann M. A. (Ernst & Young), Birmingham
Sweeney N. W. (Coopers & Lybrand Deloitte), London
Swettenham M. K. (Smith & Williamson), London
Syers C. D. (Touche Ross & Co.), Manchester
Sykes F. (KPMG Peat Marwick McLintock), Leicester
Sykes R. S. (Ernst & Young), Bristol

T

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Tan C. C. (Spicer & Oppenheim), London
Tan G. H. (Ernst & Young), Reading
Tang H. L. H. (Wilder Coe), London
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Tansley M. J. (BDO Binder Hamlyn), London
Tapper P. J. (Ernst & Young), London
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Tarry R. B. (Larking Gowen), Norwich
Tatar Z. E. R. (KPMG Peat Marwick McLintock), London
Tate C. S. K. (Harold Everett Wreford), London
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Taylor G. (Ernst & Young), London
Taylor H. L. (Clement Keys & Co), Brierley Hill, W. Midlands
Taylor I. R. (KPMG Peat Marwick McLintock), London
Taylor L. M. (KPMG Peat Marwick McLintock), Manchester
Taylor M. (KPMG Peat Marwick McLintock), London
Taylor M. J. (Reeves & Neylan), Canterbury, Kent
Taylor P. (Price Waterhouse), Birmingham
Taylor S. M. (Ernst & Young), Reading
Taylor S. M. (KPMG Peat Marwick McLintock), London
Teale S. D. (Arthur Andersen & Co), London
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Telfer V. J. (Ernst & Young), London
Tentori M. L. (Price Waterhouse), London
Tetzlaff J. S. (KPMG Peat Marwick McLintock), London
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Thomas A. (Touche Ross & Co.), Leeds
Thomas D. H. (Blackborn, Mellstrom), London
Thomas K. (Bird Luckin), Brentwood, Essex
Thomas L. A. (Price Waterhouse), London
Thomas M. A. (Lyon, Pilcher), Southampton
Thomas M. J. (Touche Ross & Co.), Leeds
Thomas M. J. (Coopers & Lybrand Deloitte), Manchester
Thomas N. J. (Finnie & Co.), Beckenham, Kent
Thomas P. A. (Neville Russell), Harrow, Middx
Thomas R. H. (Arthur Andersen & Co), Bristol
Thomas S. A. (Beever & Struthers), Manchester
Thomas S. H. (Reeves & Neylan), Ashford, Kent
Thomas T. J. (Hawsons), Sheffield
Thompson A. T. (Blick Rothenberg), London
Thompson D. P. (Blinkhorns), London
Thompson P. (Ernst & Young), Southampton
Thompson P. D. (KPMG Peat Marwick McLintock), London
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Thornber M. T. (Touche Ross & Co.), London
Thorne R. J. (BDO Binder Hamlyn), London
Thornley S. L. (Coopers & Lybrand Deloitte), London
Thornton D. C. (Spicer & Oppenheim), London
Thorpe C. P. (Pannell Kerr Forster), Sheffield
Thorpe D. A. (Spicer & Oppenheim), Manchester
Thring C. C. (Coopers & Lybrand Deloitte), London
Tibbits R. C. D. (Coopers & Lybrand Deloitte), London
Tierney D. (Price Waterhouse), Manchester
Tily H. M. (Morley & Co), Swindon
Timinis L. (BSG Valentine), London
Timms A. M. (Keelings), London
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Toffolo S. (KPMG Peat Marwick McLintock), Liverpool
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Tompkins S. P. (KPMG Peat Marwick McLintock), Sheffield
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Toovey R. (Lubbock Fine), London
Torrano F. (Sayer Vincent), London
Townshend R. U. P. (Price Waterhouse), London
Trask M. G. (Price Waterhouse), Nottingham
Trezise A. J. (Coopers & Lybrand Deloitte), Cardiff
Trigg C. M. (Spicer & Oppenheim), Cardiff
Tripp I. C. (Coopers & Lybrand Deloitte), Guernsey, Channel Island
Tripp M. B. (Cooper Lancaster), London
Tritton C. W. G. (Coopers & Lybrand Deloitte), London
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Tucker A. N. (KPMG Peat Marwick McLintock), Bristol
Tulip M. (J. Wild & Co), Manchester
Tumilty A. (Ernst & Young), Manchester
Turgoose B. R. (Ernst & Young), London
Turl S. F. (Coopers & Lybrand Deloitte), London
Turner G. M. (Ernst & Young), London
Turner M. (Hodgson Impey), Hull
Turner R. E. (Price Waterhouse), Manchester
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Twynham L. (Arthur Andersen & Co), Bristol
Tyrer I. R. (Newland, Mallett, Garner, Woodbury & Co), Bristol
Tyrrell C. P. (Holman & Co), London

U

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Upton G. P. (KPMG Peat Marwick McLintock), Birmingham
Upton M. S. (Pridie Brewster), London

V

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Vessey G. R. (Wells Richardson), Sheffield
Vessey S. M. (Ernst & Young), Newcastle upon Tyne
Verity P. A. (Neville Russell), Milton Keynes
Vernon S. A. (Clark Whitehill), Birmingham
Vesey Holt R. A. (BDO Binder Hamlyn), London
Viner R. F. (Simpson, Wreford & Co), London
Vines J. E. (Baker Tilly), London
Voogd C. J. (Ernst & Young), Birmingham
Vowles J. C. (MacIntyre Hudson), Milton Keynes

W

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Walker E. (Mitchell Charlesworth), Liverpool
Walker I. (Stephenson, Smart & Co), Peterborough
Walker M. J. (Coopers & Lybrand Deloitte), Bristol
Walker N. D. (Price Waterhouse), London
Walker O. (Ernst & Young), Inverness
Walker P. C. (Ernst & Young), London
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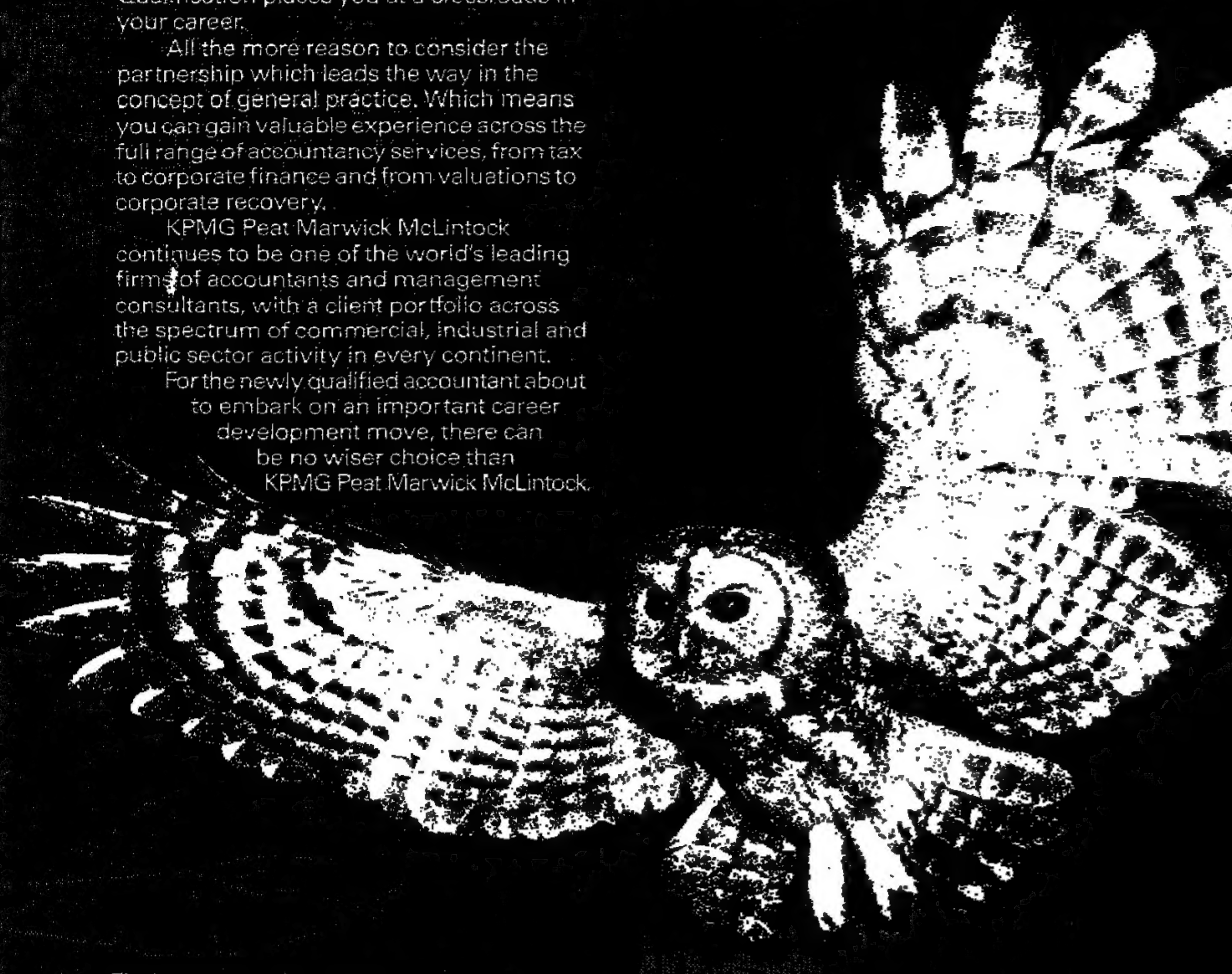

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